



NEWFIELD PRODUCTION COMPANY

1001 17th Street, Suite 2000
Denver, CO 80202
303-893-0102

FILED

SEP 27 2010

SECRETARY, BOARD OF
OIL, GAS & MINING

REQUEST FOR AGENCY ACTION

For an Order establishing 40-Acre drilling and spacing units
and for an Order pooling all interests in the so-established
drilling and spacing units

Township 4 South, Range 1 East, USM
Section 19: Lot 3, Lot 4, E2SW, SE

Township 4 South, Range 1 West, USM
Section 13: Lot 3, Lot 4, W2SE, SW

Uintah County, Utah

Limited in depth from the surface of the earth to the stratigraphic equivalent of the base
of the Green River formation as found at a measured depth of 6515' identified by the
Dual Lateral Log run in the Newfield Production Company Federal #1-26 well located in
the NENW of Section 26, Township 8 South, Range 17 East, Uintah County, Utah

State of Utah
Division of Oil, Gas & Mining

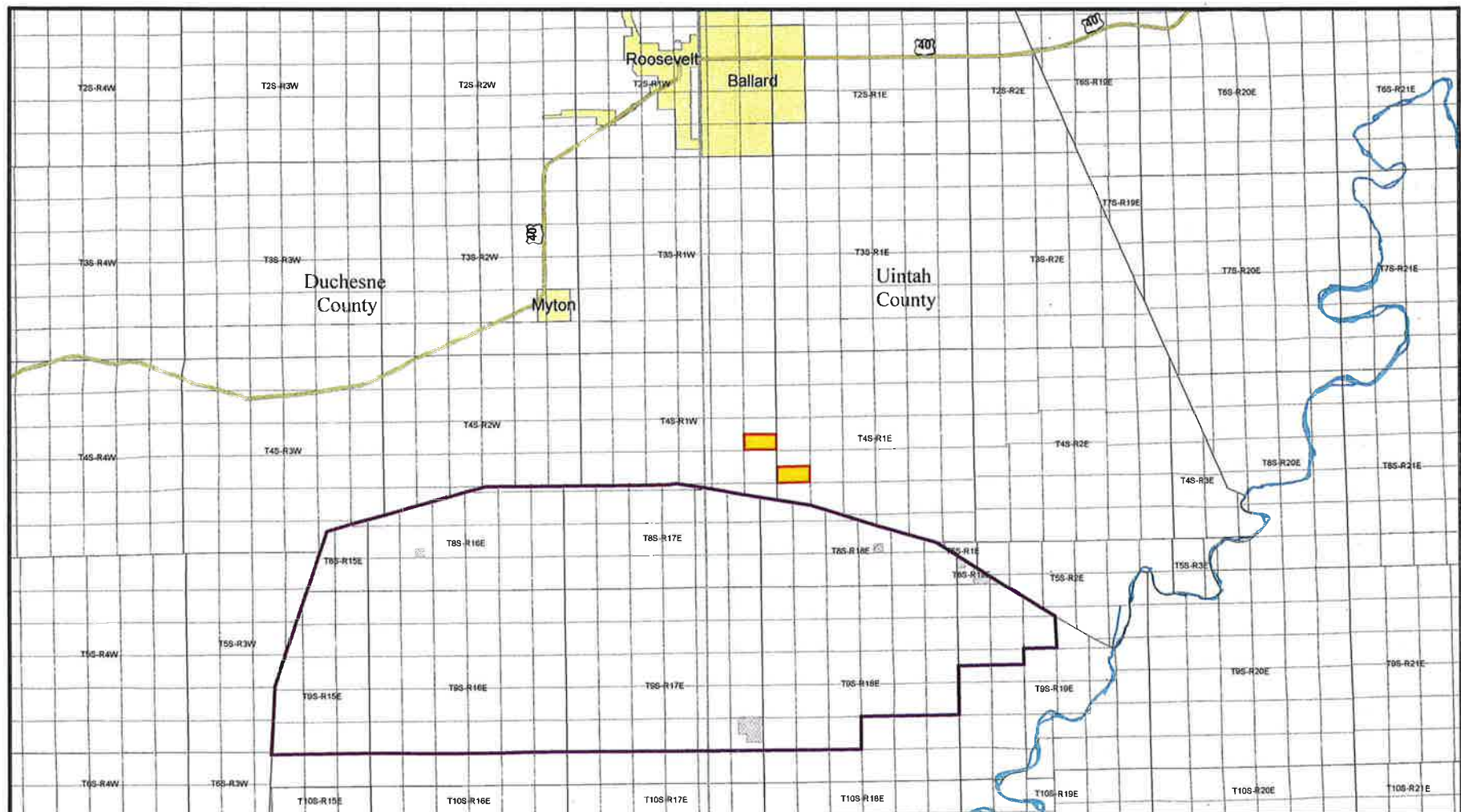
Board Hearing – October 27, 2010
Salt Lake City, Utah

Docket No. 2010-025
Cause No. 266-03

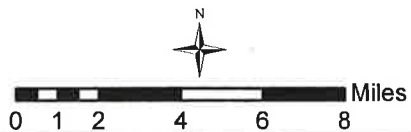
LAND EXHIBITS


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-  Greater Mon Butte Unit
-  GMB Unit Excluded Tracts
-  Force Pooling
-  City Outlines
-  Green River



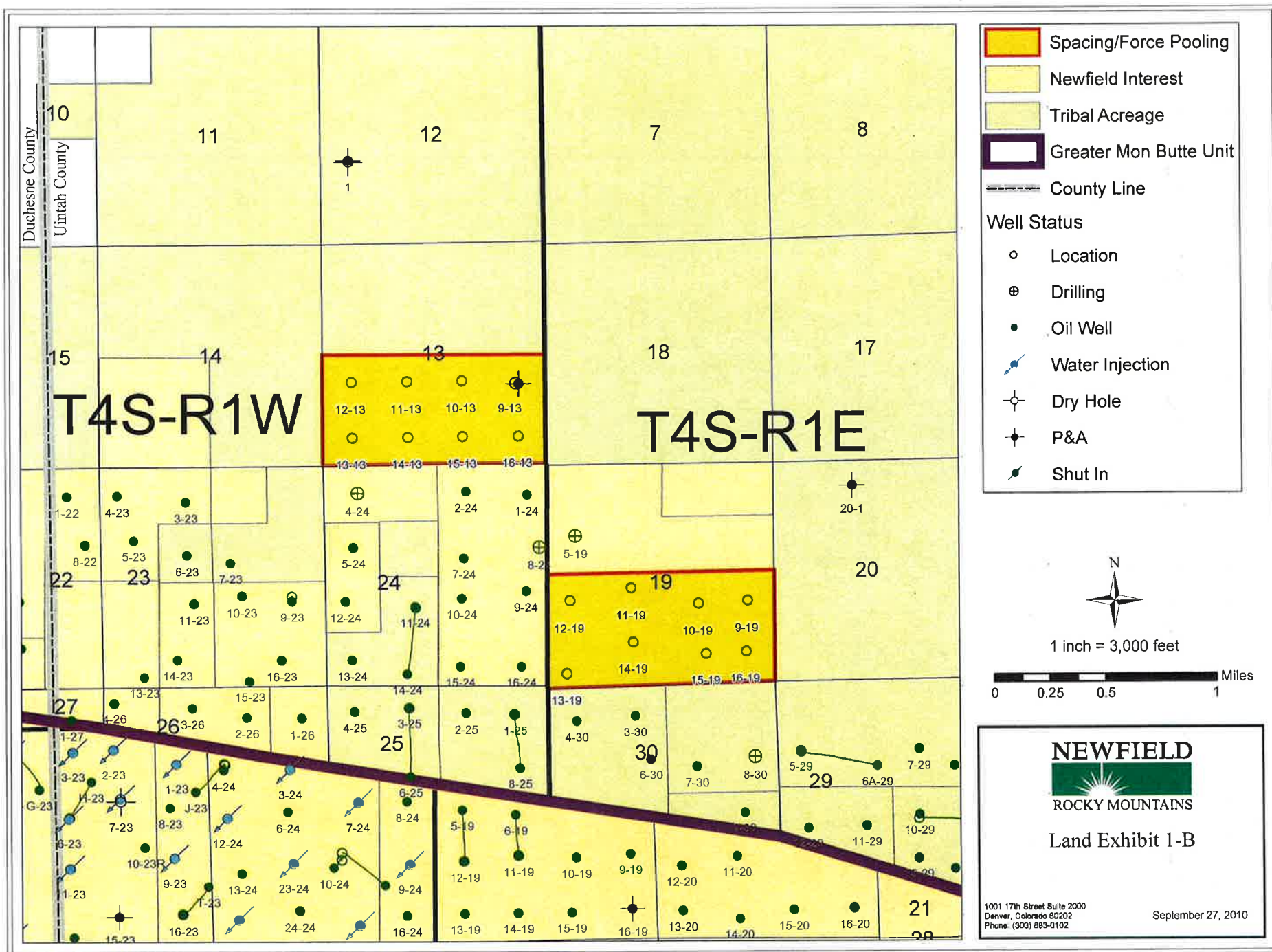


NEWFIELD
ROCKY MOUNTAINS

Land Exhibit 1-A

1001 17th Street Suite 2000
Denver, Colorado 80202
Phone: (303) 883-0102

September 20, 2010



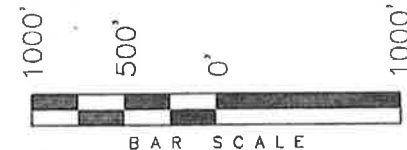
T4S, R1E, U.S.B.&M.

◆ = SECTION CORNERS LOCATED

BASIS OF ELEV; Elevations are base on an N.G.S. OPUS Correction. LOCATION: LAT. 40°04'09.56" LONG. 110°00'43.28" (TriState Aluminum Cap) Elev. 5281.57'

NEWFIELD PRODUCTION COMPANY

WELL LOCATION, 9-19-4-1E, LOCATED AS SHOWN IN THE NE 1/4 SE 1/4 OF SECTION 19, T4S, R1E, U.S.B.&M. UINTAH COUNTY, UTAH.

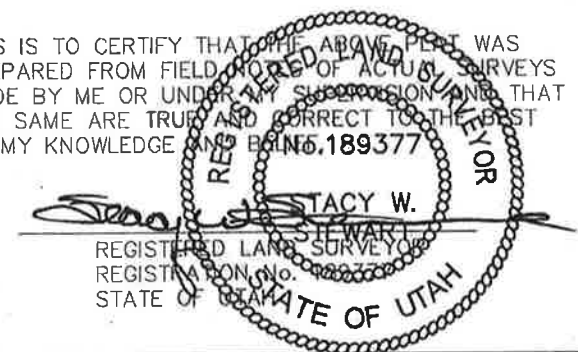


Note:

1. The Proposed Well head bears N44°18'39"E 2784.28' from the South 1/4 Corner of Section 19.

9-19-4-1E
(Surface Location) NAD 83
LATITUDE = 40° 07' 06.94"
LONGITUDE = 109° 55' 06.77"

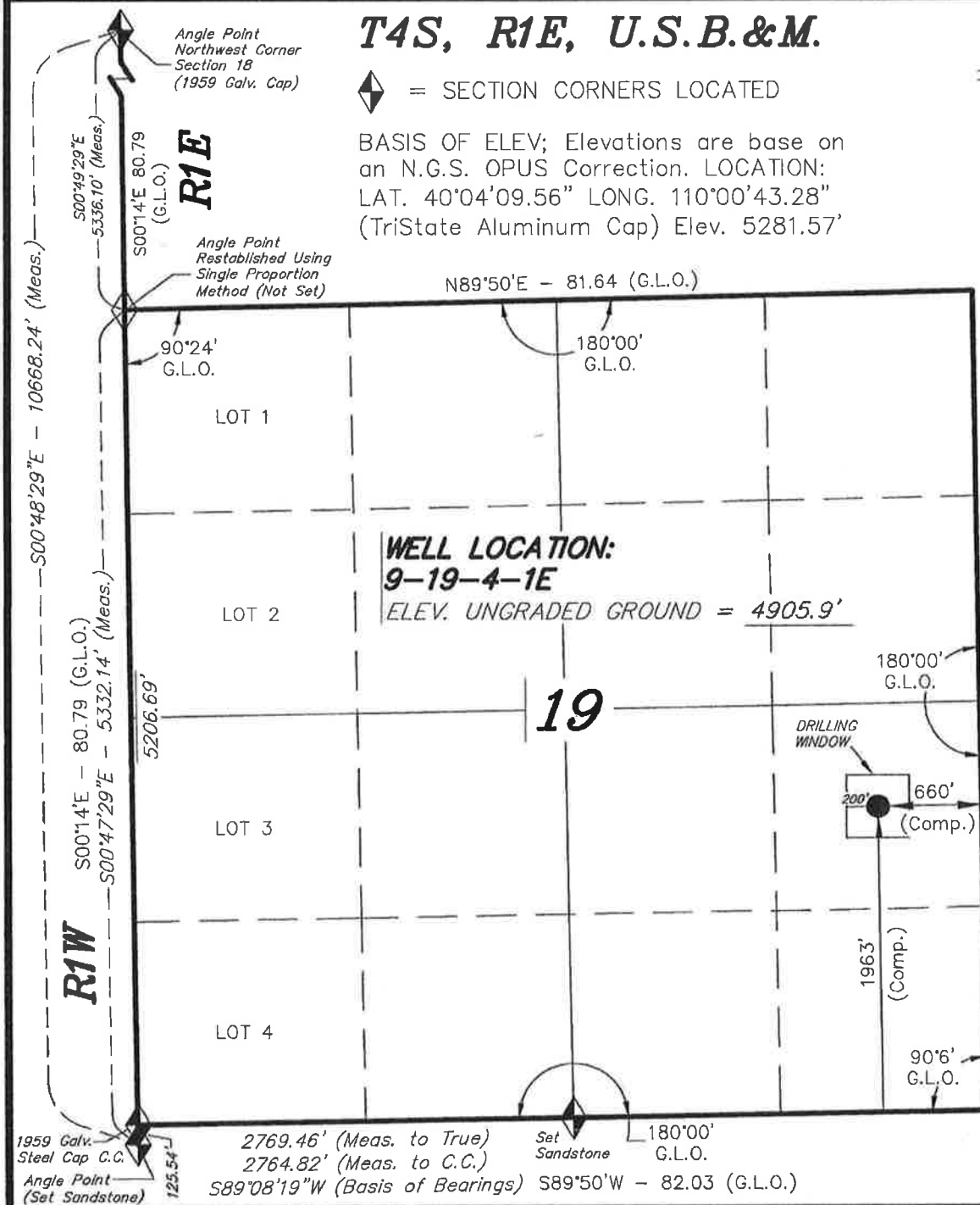
THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



TRI STATE LAND SURVEYING & CONSULTING

180 NORTH VERNAL AVE. - VERNAL, UTAH 84078
(435) 781-2501

DATE SURVEYED: 01-21-10	SURVEYED BY: T.P.
DATE DRAWN: 01-26-10	DRAWN BY: M.W.
REVISED:	SCALE: 1" = 1000'



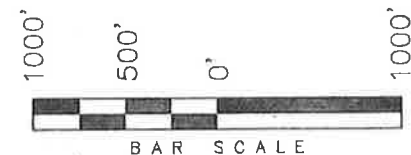
T4S, R1E, U.S.B.&M.

 = SECTION CORNERS LOCATED

BASIS OF ELEV; Elevations are base on
an N.G.S. OPUS Correction. LOCATION:
LAT. 40°04'09.56" LONG. 110°00'43.28"
(TriState Aluminum Cap) Elev. 5281.57'

NEWFIELD PRODUCTION COMPANY

WELL LOCATION, 10-19-4-1E, LOCATED
AS SHOWN IN THE NW 1/4 SE 1/4 OF
SECTION 19, T4S, R1E, U.S.B.&M.
UINTAH COUNTY, UTAH.



Note:

1. The Proposed Well head bears N22°18'59"E 2072.45' from the South 1/4 Corner of Section 19.

10-19-4-1E
(Surface Location) NAD 83
LATITUDE = 40° 07' 06.40"
LONGITUDE = 109° 55' 21.68"

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS
PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS
MADE BY ME OR UNDER MY SUPERVISION AND THAT
THE SAME ARE TRUE AND CORRECT TO THE BEST
OF MY KNOWLEDGE AND BELIEF.

STACY W.
SHEWART
REGISTERED LAND SURVEYOR
REGISTRATION No. 40033
STATE OF UTAH

TRI STATE LAND SURVEYING & CONSULTING

180 NORTH VERNAL AVE. - VERNAL, UTAH 84078
(435) 781-2501

DATE SURVEYED:
01-22-10

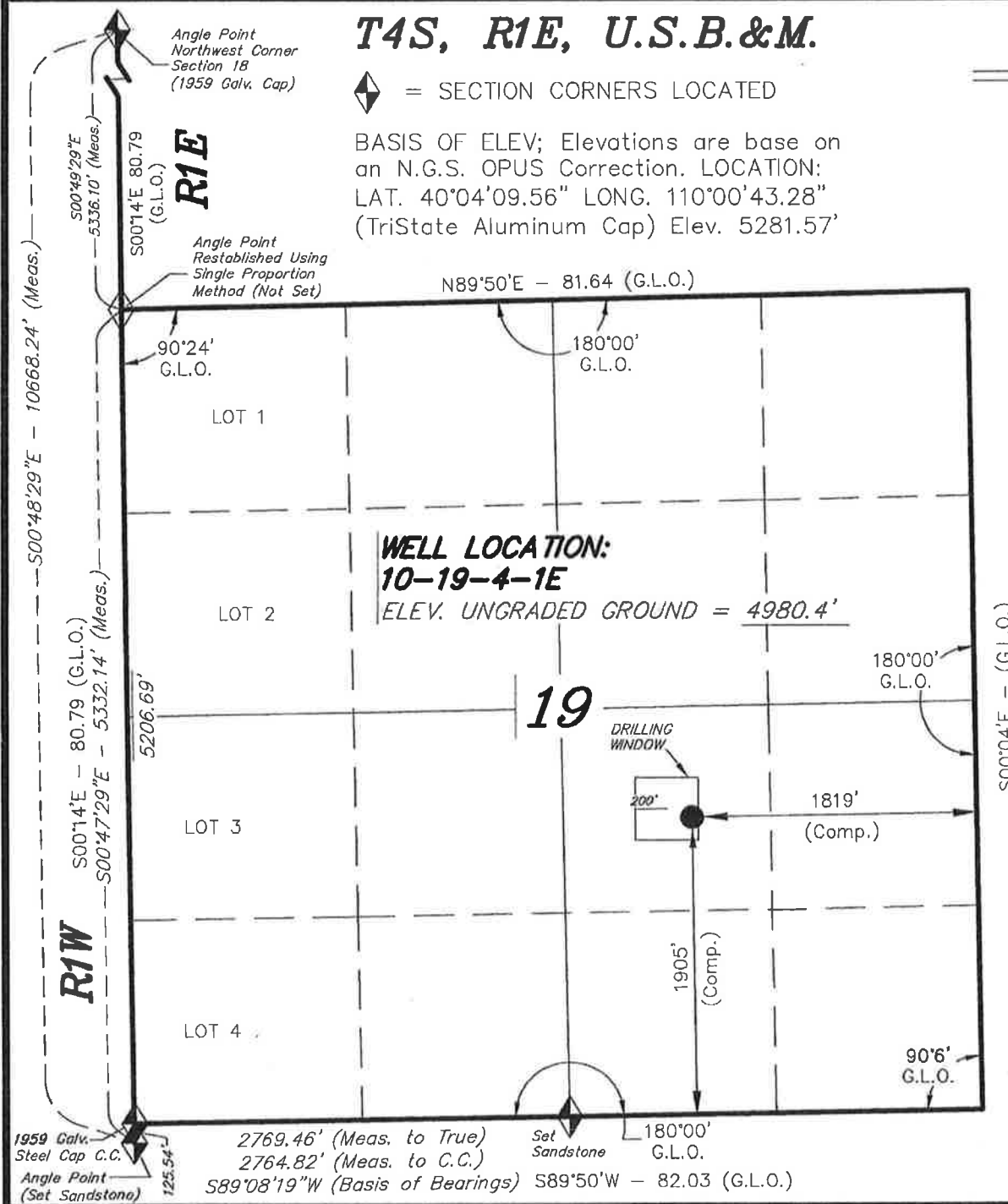
SURVEYED BY: T.P.

DATE DRAWN:
01-26-10

DRAWN BY: M.W.

REVISÉ:

SCALE: 1" = 1000'



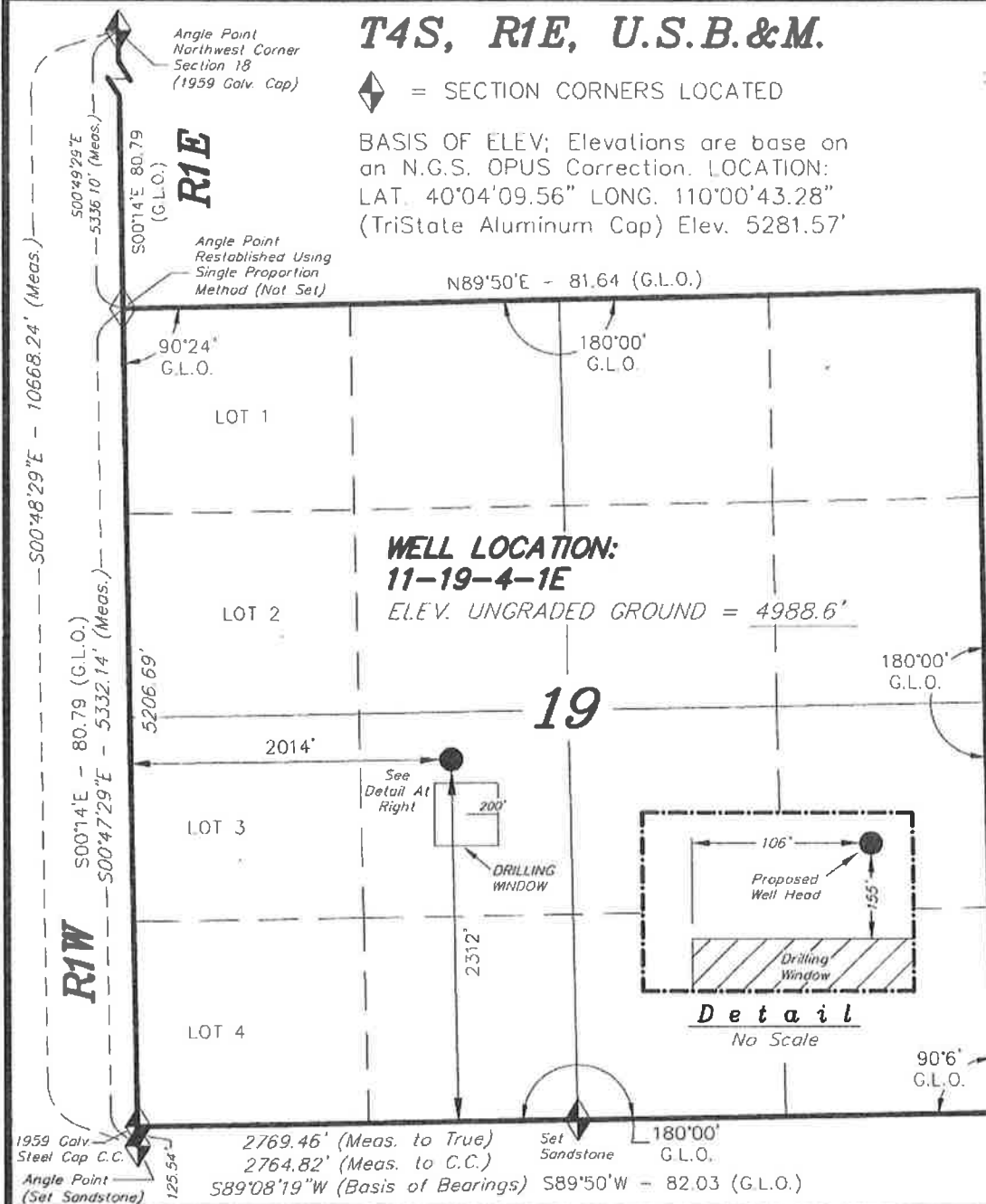
T4S, R1E, U.S.B.&M.

◆ = SECTION CORNERS LOCATED

BASIS OF ELEV; Elevations are base on an N.G.S. OPUS Correction. LOCATION: LAT. 40°04'09.56" LONG. 110°00'43.28" (TriState Aluminum Cap) Elev. 5281.57'

NEWFIELD PRODUCTION COMPANY

WELL LOCATION, 11-19-4-1E, LOCATED AS SHOWN IN THE NE 1/4 SW 1/4 OF SECTION 19, T4S, R1E, U.S.B.&M. UINTAH COUNTY, UTAH.



Note:

1. The Proposed Well head bears N18°54'15"W 2431.13' from the South 1/4 Corner of Section 19.

11-19-4-1E
(Surface Location) NAD 83
LATITUDE = 40° 07' 10.46"
LONGITUDE = 109° 55' 41.86"

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

STACY W. STEWART
REGISTERED LAND SURVEYOR
REGISTRATION No. 2873
STATE OF UTAH

TRI STATE LAND SURVEYING & CONSULTING

180 NORTH VERNAL AVE. - VERNAL, UTAH 84078
(435) 781-2501

DATE SURVEYED: 01-29-10	SURVEYED BY: C.M.
DATE DRAWN: 02-01-10	DRAWN BY: M.W.
REVISED:	SCALE: 1" = 1000'

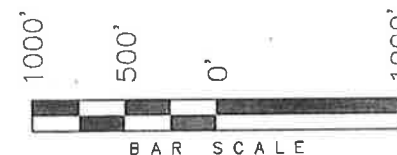
T4S, R1E, U.S.B.&M.

◆ = SECTION CORNERS LOCATED

BASIS OF ELEV; Elevations are base on an N.G.S. OPUS Correction. LOCATION: LAT. 40°04'09.56" LONG. 110°00'43.28" (TriState Aluminum Cap) Elev. 5281.57'

NEWFIELD PRODUCTION COMPANY

WELL LOCATION, 12-19-4-1E, LOCATED AS SHOWN IN THE NW 1/4 SW 1/4 OF SECTION 19, T4S, R1E, U.S.B.&M. UTAH COUNTY, UTAH.



Note:

1. The Proposed Well head bears N48°19'25"W 3006.93' from the South 1/4 Corner of Section 19.

12-19-4-1E
(Surface Location) NAD 83
LATITUDE = 40° 07' 07.74"
LONGITUDE = 109° 56' 00.69"

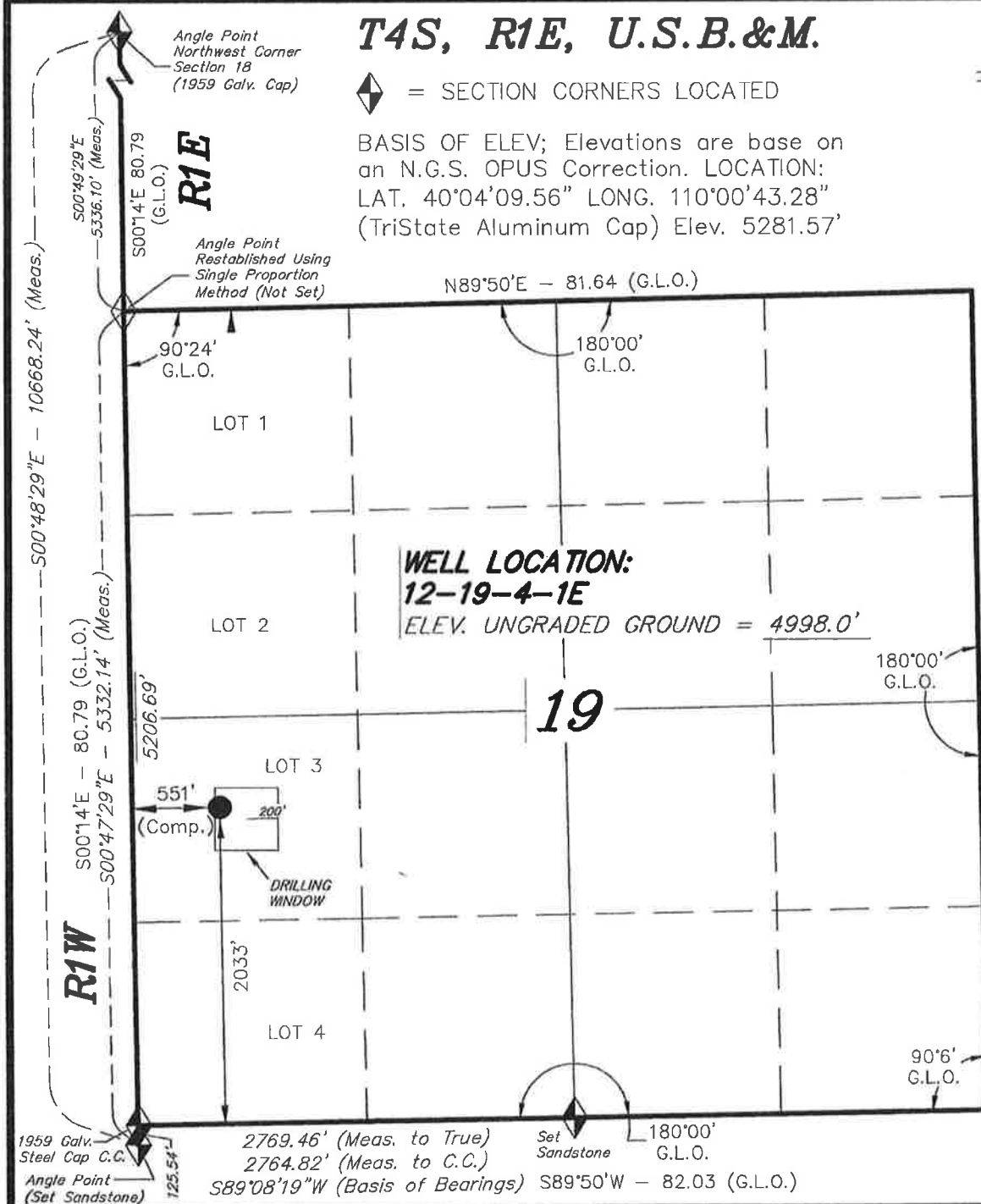
THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

REGISTERED LAND SURVEYOR
REGISTRATION No. 189377
STATE OF UTAH
STACY W.

TRI STATE LAND SURVEYING & CONSULTING

180 NORTH VERNAL AVE. - VERNAL, UTAH 84078
(435) 781-2501

DATE SURVEYED: 01-21-10	SURVEYED BY: C.M.
DATE DRAWN: 01-25-10	DRAWN BY: M.W.
REVISED:	SCALE: 1" = 1000'



T4S, R1E, U.S.B.&M.

◆ = SECTION CORNERS LOCATED

BASIS OF ELEV; Elevations are base on an N.G.S. OPUS Correction. LOCATION: LAT. 40°04'09.56" LONG. 110°00'43.28" (TriState Aluminum Cap) Elev. 5281.57'

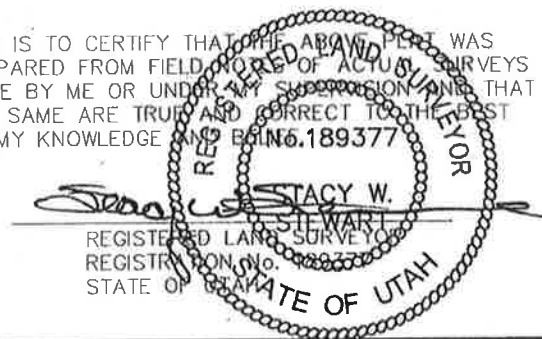
NEWFIELD PRODUCTION COMPANY

WELL LOCATION, 13-19-4-1E, LOCATED AS SHOWN IN THE SW 1/4 SW 1/4 OF SECTION 19, T4S, R1E, S.L.B.&M. UINTAH COUNTY, UTAH.



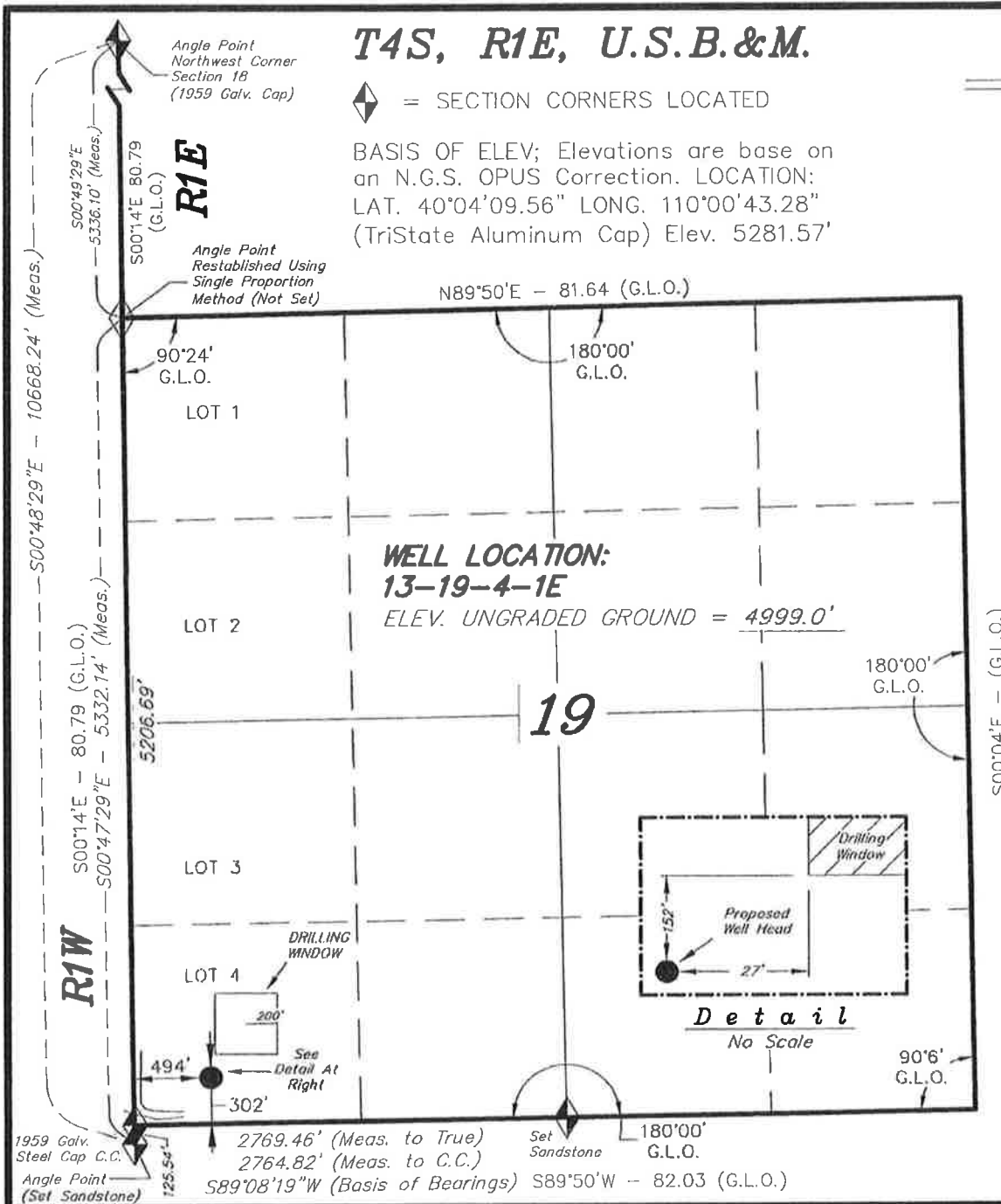
13-19-4-1E
(Surface Location) NAD 83
LATITUDE = 40° 06' 50.64"
LONGITUDE = 109° 56' 01.50"

THIS IS TO CERTIFY THAT THE ABOVE PART WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



TRI STATE LAND SURVEYING & CONSULTING
180 NORTH VERNAL AVE. - VERNAL, UTAH 84078
(435) 781-2501

DATE SURVEYED: 11-01-09	SURVEYED BY: T.P.
DATE DRAWN: 11-19-09	DRAWN BY: F.T.M.
REVISED: 12-17-09 F.T.M.	SCALE: 1" = 1000'



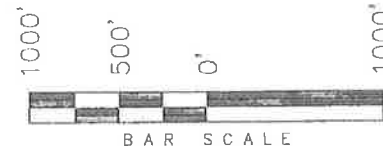
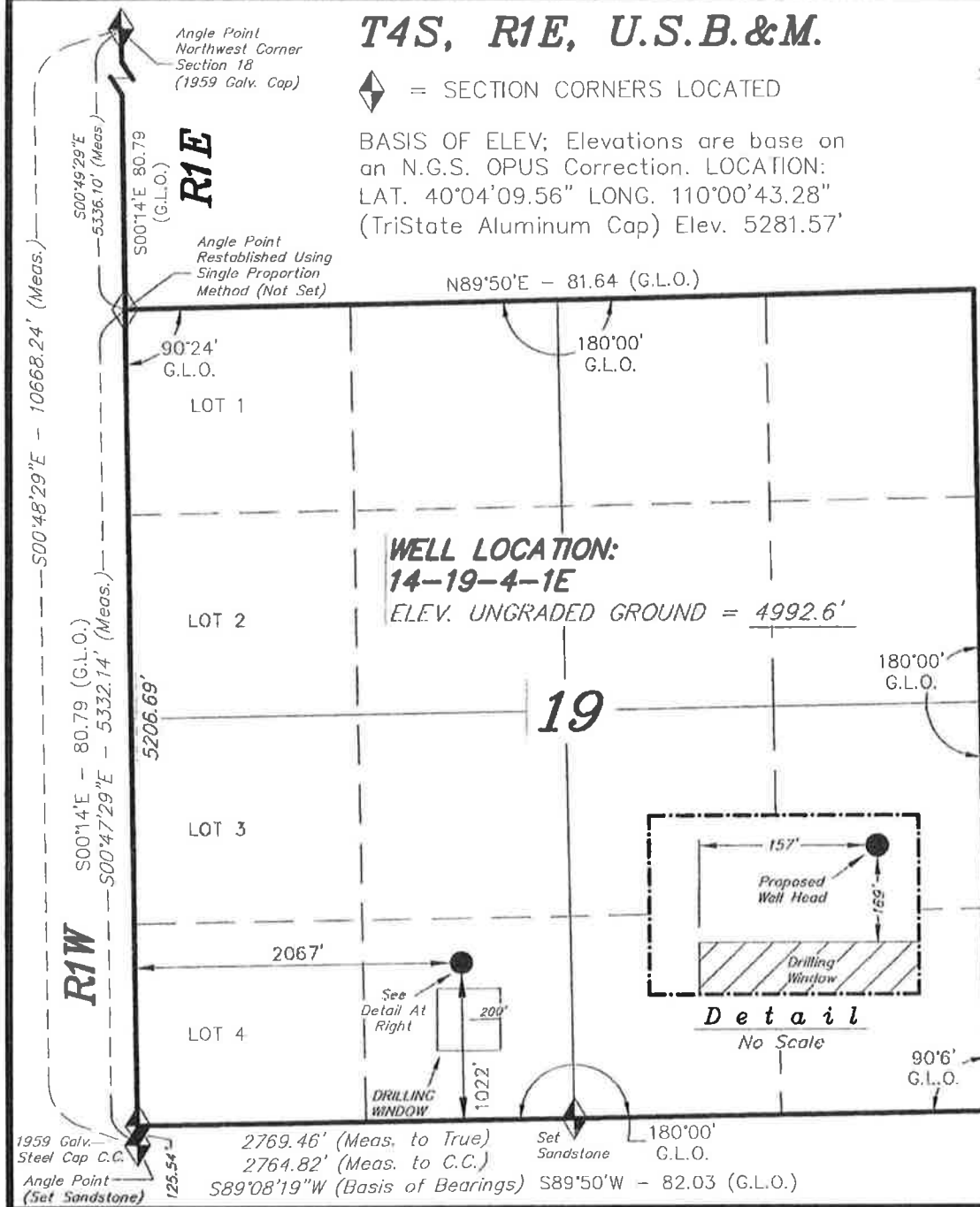
T4S, R1E, U.S.B.&M.

◆ = SECTION CORNERS LOCATED

BASIS OF ELEV; Elevations are base on an N.G.S. OPUS Correction. LOCATION: LAT. 40°04'09.56" LONG. 110°00'43.28" (TriState Aluminum Cap) Elev. 5281.57'

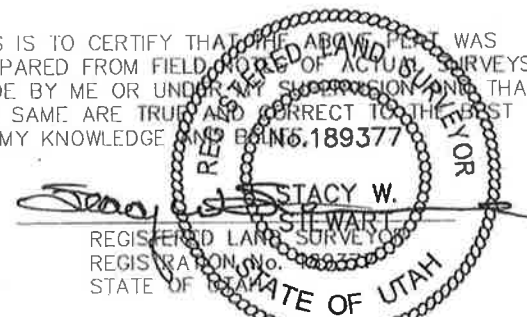
NEWFIELD PRODUCTION COMPANY

WELL LOCATION, 14-19-4-1E, LOCATED AS SHOWN IN THE SE 1/4 SW 1/4 OF SECTION 19, T4S, R1E, S.L.B.&M. UTAH COUNTY, UTAH.



14-19-4-1E
(Surface Location) NAD 83
LATITUDE = 40° 06' 57.72"
LONGITUDE = 109° 55' 41.23"

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



TRI STATE LAND SURVEYING & CONSULTING

180 NORTH VERNAL AVE. - VERNAL, UTAH 84078
(435) 781-2501

DATE SURVEYED: 11-20-09	SURVEYED BY: T.P.
DATE DRAWN: 11-30-09	DRAWN BY: F.I.M.
REVISED: 12-17-09 F.I.M.	SCALE: 1" = 1000'

T4S, R1E, U.S.B.&M.

◆ = SECTION CORNERS LOCATED

BASIS OF ELEV; Elevations are base on an N.G.S. OPUS Correction. LOCATION: LAT. 40°04'09.56" LONG. 110°00'43.28" (TriState Aluminum Cap) Elev. 5281.57'

NEWFIELD PRODUCTION COMPANY

WELL LOCATION, 15-19-4-1E, LOCATED AS SHOWN IN THE SW 1/4 SE 1/4 OF SECTION 19; T4S, R1E, S.L.B.&M. UINTAH COUNTY, UTAH.

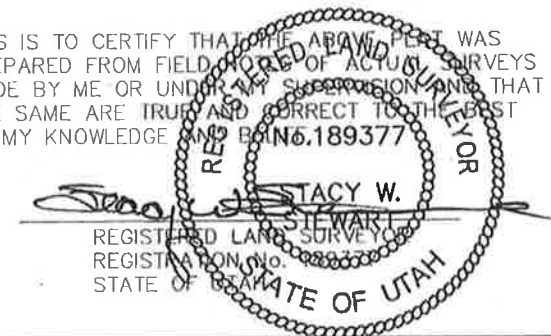


Note:

1. The Proposed Well head bears N53°19'30"E 1228.03' from the South 1/4 Corner of Section 19.

15-19-4-1E
(Surface Location) NAD 83
LATITUDE = 40° 06' 54.68"
LONGITUDE = 109° 55' 19.40"

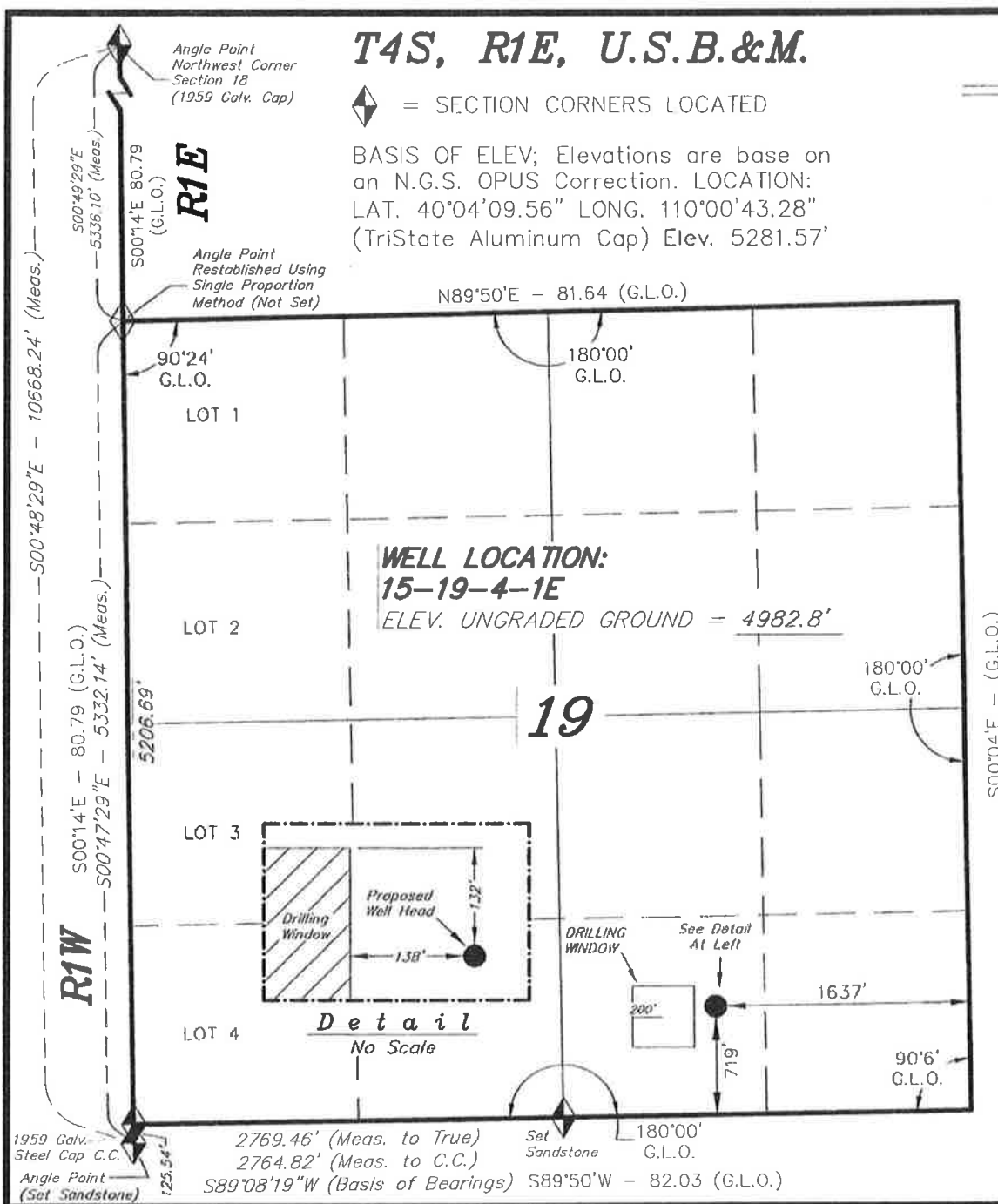
THIS IS TO CERTIFY THAT THE ABOVE PERT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



TRI STATE LAND SURVEYING & CONSULTING

180 NORTH VERNAL AVE. — VERNAL, UTAH 84078
(435) 781-2501

DATE SURVEYED: 11-30-09	SURVEYED BY: T.P.
DATE DRAWN: 12-01-09	DRAWN BY: F.T.M.
REVISED: 12-17-09 F.T.M.	SCALE: 1" = 1000'



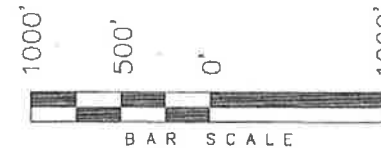
T4S, R1E, U.S.B.&M.

◆ = SECTION CORNERS LOCATED

BASIS OF ELEV; Elevations are base on
LOCATION: an N.G.S. OPUS Correction.
LAT. 40°04'09.56" LONG. 110°00'43.28"
(Tristate Aluminum Cap) Elev. 5281.57'

NEWFIELD PRODUCTION COMPANY

WELL LOCATION, 16-19-4-1E, LOCATED
AS SHOWN IN THE SE 1/4 SE 1/4 OF
SECTION 19, T4S, R1E, S.L.B.&M.
DUCHESE COUNTY, UTAH.

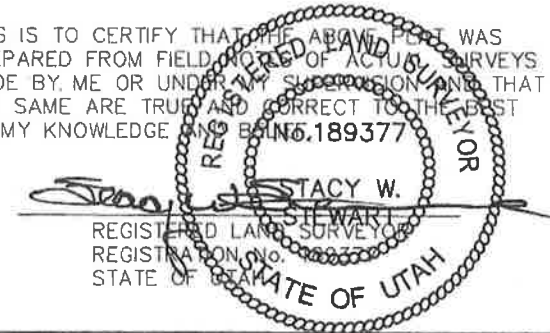


Note:

1. The Proposed Well head bears
N68°01'07"E 2075.17' from the
South 1/4 Corner of Section 19.

16-19-4-1E
(Surface Location) NAD 83
LATITUDE = 40° 06' 54.94"
LONGITUDE = 109° 55' 07.31"

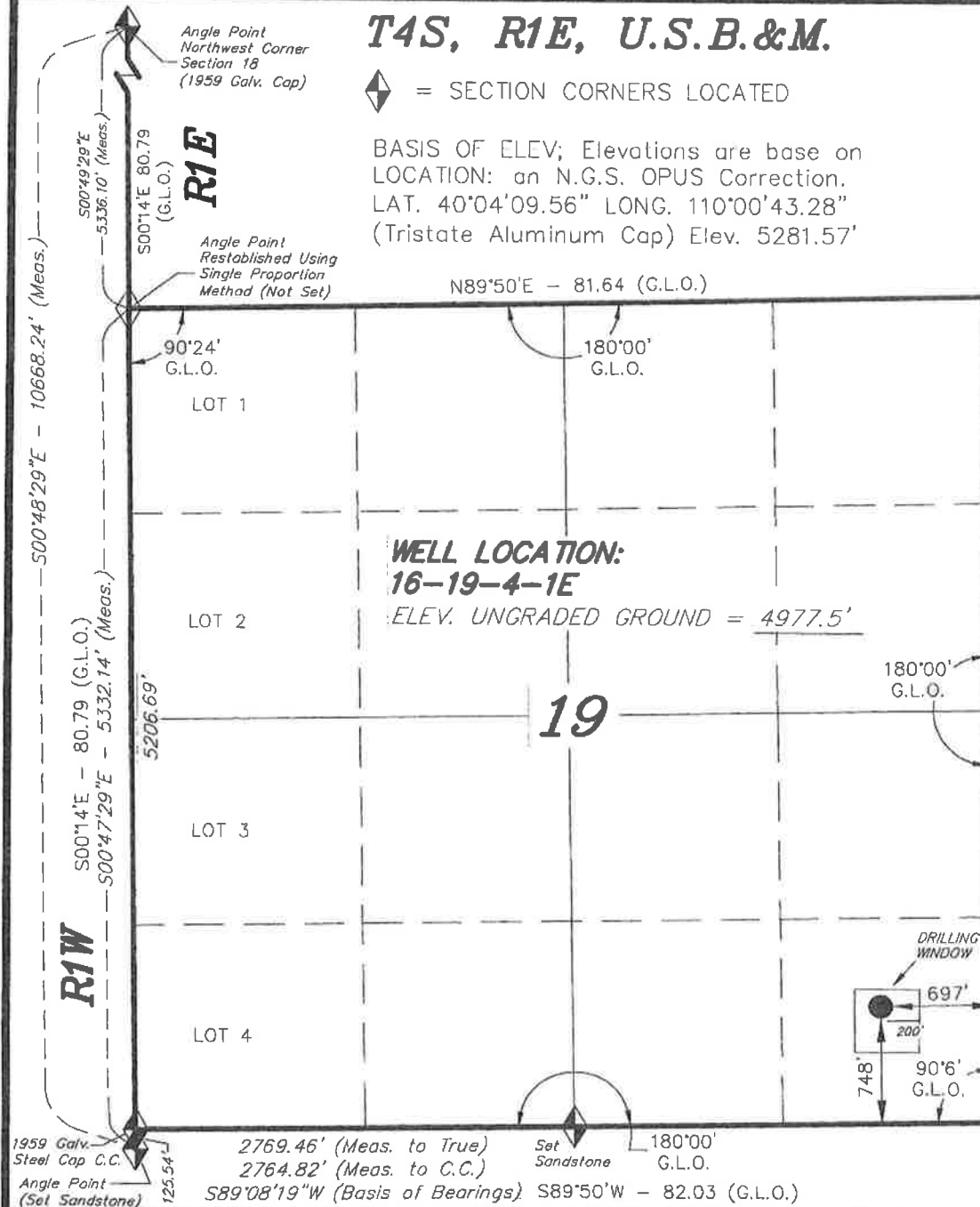
THIS IS TO CERTIFY THAT THE ABOVE PORT WAS
PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS
MADE BY ME OR UNDER MY SUPERVISION AND THAT
THE SAME ARE TRUE AND CORRECT TO THE BEST
OF MY KNOWLEDGE AND BELIEF. 189377



TRI STATE LAND SURVEYING & CONSULTING

180 NORTH VERNAL AVE. - VERNAL, UTAH 84078
(435) 781-2501

DATE SURVEYED: 11-11-09	SURVEYED BY: T.P.
DATE DRAWN: 11-19-09	DRAWN BY: F.T.M.
REVISED:	SCALE: 1" = 1000'



Land Exhibit 3

MINERAL INTERESTS LEASED BY NEWFIELD PRODUCTION COMPANY

<u>Leased Mineral Owner</u>	<u>Address</u>	<u>Mineral Interest</u>
Rio Grande Children's Home	1601 Elm, Suite 1700 Dallas, TX 75201	12.50%
First Christian Church of Edinburg	410 West University Drive Edinburg, TX 78539	10%
David Welch	PO Box 147 Greenville, PA 16125	7.142857%
Heritage Foundation of Hidalgo County	902 South 2nd Street Hidalgo, TX 78557	5%
Estate of Helen Snider John L. Chishum, Executor	108 Wagonwheel Circle Wimberley, TX 78676	5%
Museum of South Texas History	200 N Closner Blvd. Edinburg, TX 78541	5%
Texas Numismatic Association	1812 Rainbow Dr. Richardson, TX 75081	5%
Ester Dickinson Donna J Dyke, POA	5258 Aurora Rd NE Mechanicstown, OH 44651	2.777778%
Ben F. Love	4144 W 11th St Wichita, KS 67212	3.571429%
Kathryn J. Stocker	907 Ocean Place Vero Beach, FL 32963	3.571429%
Terry Stocker	510 Brandon Ave. Struthers, OH 44471	3.571429%
Richard T. Love	4833 Idyllbrooke Village Dr. Erie, PA 16506	3.571429%
Shirley Sanders	211 E ParkAve. Columbiana, OH 44408	1.111111%
Donna J. Dyke	5258 Aurora Rd NE Mechanicstown, OH 44651	1.111111%
J. Robert Stratton	5877 Longview SW Massillon, OH 44646	0.714286%
Martha Alt	6036 Big Walnut Rd. Galena, OH 43021	0.714286%
Ruth Elder	2700 7th St NE Birmingham, AL 35215	0.714286%
Samuel Stratton	9250 White Pine Dr. Loveland, OH 45140	0.714286%
Wayne Stratton	475 Saddlehorn Circle Roswell, GA 30076	0.714286%
Mary Lou Sanders	2201 Lakeway Blvd. #49 Austin, TX 78734	0.555555%

TOTAL LEASED BY NEWFIELD: 73.05556%
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NON-CONSENTING OWNERS

<u>Leased Mineral Owner</u>	<u>Address</u>	<u>Mineral Interest</u>
Heirs of C Geraldine Daniels	unknown	8.333333%
Make a Wish Foundation	ATTN: Ava Sandlin One Park Place, Suite 405 McAllen, TX 78503	5%
Gerald Sanders, Jr.	36414 State Rt. #172 Lisbon, OH 44432	3.888889%
JoAnn Cope	46901 Metz Road New Waterford, OH 44445	2.777778%
American Red Cross	ATTN: Michael Huckabee PO Box 2202 Harlingen, TX 78551	2.5%
Irma Sanders	1024 McNaughten Rd. Columbus, OH 43213	1.111111%
George E. Sanders	last known address: Salinas, CA	0.555555%
Sheryl Simpican	47539 Metz Road New Waterford, OH 44445	0.462963%
Denise Tyma	1839 Alverne Dr. Youngstown, OH 44514	0.462963%
Richard Winters	1177 Carey Ave. Akron, OH 44314	0.462963%
Crystal Van Arsdell	228 Hartman Road Wadsworth, OH 44281	0.462963%
Kathy Mills	PO Box 151 Salem, OH 44460	0.231481%
Stephen Weaver	14405 Market Street Columbiana, OH 44408	0.231481%
Robert Morris	Address unknown	0.115741%
Samuel Morris	Address unknown	0.115741%
Stephanie Peterson	238 Lee Avenue Lisbon, OH 44432	0.115740%
Heirs of Karen McMillan	Address unknown	0.115740%

TOTAL NON-CONSENTING OWNERS 26.944442%

Land Exhibit 4

BEFORE THE BOARD OF OIL, GAS AND MINING

DEPARTMENT OF NATURAL RESOURCES

STATE OF UTAH

PART I:

IN THE MATTER OF THE REQUEST
FOR AGENCY ACTION OF
NEWFIELD PRODUCTION COMPANY
FOR AN ORDER ESTABLISHING 40-
ACRE DRILLING AND SPACING
UNITS FOR THE PRODUCTION OF
OIL, GAS, AND OTHER
HYDROCARBONS FROM THE
GREEN RIVER FORMATION IN THE
S½ OF SECTION 13, TOWNSHIP 4
SOUTH, RANGE 1 WEST, U.S.M., AND
THE S½ OF SECTION 19, TOWNSHIP
4 SOUTH, RANGE 1 EAST, U.S.M.,
UINTAH COUNTY, UTAH.

REQUEST FOR
AGENCY ACTION

Docket No. 2010-025
Cause No. 266-03

PART II:

IN THE MATTER OF THE REQUEST
FOR AGENCY ACTION OF
NEWFIELD PRODUCTION COMPANY
FOR AN ORDER POOLING ALL
INTERESTS IN THE SO-
ESTABLISHED DRILLING AND
SPACING UNITS IN THE S½ OF
SECTION 13, TOWNSHIP 4 SOUTH,
RANGE 1 WEST, U.S.M., AND THE S½
OF SECTION 19, TOWNSHIP 4
SOUTH, RANGE 1 EAST, U.S.M.,
UINTAH COUNTY, UTAH.

PART I: REQUEST FOR SPACING ORDER

NEWFIELD PRODUCTION COMPANY, by and through its undersigned

attorneys, and pursuant to Utah Code Ann. §§ 40-6-5 and 40-6-6, petitions the Board of Oil, Gas

RECEIVED
AUG 10 2010

DIV. OF OIL, GAS & MINING

and Mining for an order establishing 40-acre spacing and drilling units for the production of oil, gas, and other hydrocarbons from the Green River Formation underlying the following described lands in Uintah County, Utah (hereinafter the "**Subject Lands**"):

Township 4 South, Range 1 West, U.S.M.

§13: Lot 3 (38.74), Lot 4 (38.69),
W½SE¼, SW¼

Township 4 South, Range 1 East, U.S.M.

§19: Lot 3 (43.71), Lot 4 (43.90),
E½SW¼, SE¼

(containing 645.04 acres, more or less);

In support of its Request for Agency Action ("**Request**"), Newfield Production Company states as follows:

1. Newfield Production Company ("**Newfield**") is a Texas corporation in good standing, having its principal place of business in Denver, Colorado. Newfield is qualified to do and is doing business in Utah.
2. The Board of Oil, Gas and Mining (the "**Board**") has jurisdiction of the parties and subject matter of the Request, pursuant to Sections 40-6-5 and 40-6-6 of the Utah Code Annotated.
3. Newfield is an owner of working interests in the Subject Lands.
4. The Subject Lands are not subject to any spacing order of the Board for the production of oil, gas, and other hydrocarbons from the Green River Formation.
5. The oil and gas minerals in the lands embraced within the Subject Lands are commonly owned by numerous private (fee) owners. The common ownership interests are also uniformly owned across the Subject Lands. Some of the owners have leased their privately-owned

minerals to Newfield. Some of the owners have declined Newfield's offers to lease their minerals, and certain other mineral owners are not locatable. The surface of the Subject Lands has been severed from the mineral estate beneath those lands. The surface of the Subject Lands in subject Section 13 is owned by Gary Deveraux, as a Trustee. The surface of the Subject Lands in subject Section 19 is owned by Oman Uintah Farm LLC.

6. The formation to be unitized for drilling and spacing purposes is the Green River Formation described as follows (the "**Spaced Interval**"):

The Green River Formation as identified by the Dual Lateral Log run in the Newfield Production Company (formerly Greenwood Holdings) Federal #1-26 Well located in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 26, Township 8 South, Range 17 East, S.L.M., Uintah County, Utah, with the top of the spaced interval being found at a measured depth of 1,793 feet below the surface (+3,349' subsea), and the base of the spaced interval being found at a measured depth of 6,515 feet below the surface (-1,373' subsea) or to the stratigraphic equivalent thereof.

7. The Green River Formation is an easily-identifiable geologic formation within the Subject Lands and surrounding area. The Spaced Interval is the stratigraphic interval or pool being produced in the Greater Monument Butte Unit located in very near proximity to the Subject Lands. Newfield believes and therefore states that the Spaced Interval underlies all or substantially all of the Subject Lands and generally constitutes a pool for oil, gas, and other hydrocarbons in the Subject Lands.

8. Newfield proposes to drill the following wells into the Spaced Interval beneath the Subject Lands (the "**Subject Wells**"):

- a. First Christian #9-19-4-1E Well located in the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of subject Section 19. The Application for Permit to Drill ("**APD**") for this well already has been approved.
- b. First Christian #10-19-4-1E Well located in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of subject Section 19. The APD for this well already has been approved.

c. First Christian #11-19-4-1E Well located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of subject Section 19. The APD for this well has been submitted, but it has not yet been approved.

d. First Christian #12-19-4-1E Well located in the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of subject Section 19. The APD for this well already has been approved.

e. Welch #13-19-4-1E Well located in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of subject Section 19. The APD for this well already has been approved.

f. Welch #14-19-4-1E Well located in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of subject Section 19. The APD for this well already has been approved.

g. Welch #15-19-4-1E Well located in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of subject Section 19. The APD for this well already has been approved.

h. Welch #16-19-4-1E Well located in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of subject Section 19. The APD for this well already has been approved.

i. Rio Grande #9-13-4-1 Well located in the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of subject Section 13.

j. Rio Grande #10-13-4-1 Well located in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of subject Section 13.

k. Rio Grande #11-13-4-1 Well located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of subject Section 13.

l. Rio Grande #12-13-4-1 Well located in the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of subject Section 13.

m. Rio Grande #13-13-4-1 Well located in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of subject Section 13.

n. Rio Grande #14-13-4-1 Well located in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of subject Section 13.

o. Rio Grande #15-13-4-1 Well located in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of subject Section 13.

p. Rio Grande #16-13-4-1 Well located in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of subject Section 13.

9. Newfield believes and therefore states that in order to protect correlative rights and to prevent waste 40-acre or equivalent drilling and spacing units comprising each

governmental quarter-quarter section within the Subject Lands should be established within the Subject Lands, and further that 40 acres is not smaller than the maximum area that can be efficiently and economically drained by one well located in or near the center of each such governmental quarter-quarter section and producing oil, gas, and other hydrocarbons from the Green River Formation underlying the Subject Lands. Newfield believes and therefore states that establishing the proposed drilling and spacing units is just and reasonable and will allow for the orderly development of the Subject Lands. Establishing such units will prevent waste, adequately protect the correlative rights of all affected parties, promote the public interest, and increase the ultimate recovery of hydrocarbons from the Subject Lands. Newfield is prepared to present evidence and testimony in support of these allegations.

10. Newfield has included in the mailing certificate attached to the Request a list of names and last known addresses of all persons known to Newfield whose legally protected interest in the Subject Lands will be affected by the Request, including known mineral owners, overriding royalty or other production interest owners, and producers and operators.

WHEREFORE, Newfield respectfully requests the Board to:

A. Set this matter for hearing at the regularly scheduled meeting of the Board to be held on September 22, 2010, to consider approving an order establishing the proposed drilling and spacing units for the Green River Formation underlying the Subject Lands as requested herein.

B. Give notice of this Request for Agency Action and the hearing as provided by the laws of the State of Utah and regulations issued pursuant thereto. The names and last known addresses of all persons known by Newfield whose legally protected interests in the Subject Lands will be affected by this Request are set forth in the mailing certificate attached to this Request.

C. Conduct a hearing at which Newfield and all interested parties may be allowed to present evidence regarding: (1) establishing the proposed 40-acre or equivalent drilling and spacing units for the Spaced Interval underlying the Subject Lands; (2) providing that each such drilling and spacing unit shall be comprised of a governmental quarter-quarter section (or equivalent); and (3) providing that the designated unit well for each such drilling and spacing unit shall be located no closer than 460 feet from the outer boundary of the drilling unit in accordance with Utah Administrative Code ("U.A.C.") Rule R649-3-2(1).

D. Make such findings as it deems necessary in connection with this Request.

E. Enter an order establishing the proposed 40-acre or equivalent drilling and spacing units for the Spaced Interval underlying the Subject Lands as described above; providing that each such drilling and spacing unit shall be comprised of a governmental quarter-quarter section (or equivalent); and providing that the designated unit well for each such drilling and spacing unit shall be located no closer than 460 feet from the outer boundary of the drilling unit in accordance with U.A.C. Rule R649-3-2(1).

F. Provide such other relief as may be just and proper under the circumstances.

PART II: REQUEST FOR COMPULSORY POOLING ORDER

Newfield, by and through its undersigned attorneys, and pursuant to Utah Code Ann. §§ 40-6-5 and 40-6-6.5, petitions the Board for an order pooling all interests within the spacing and drilling units requested in Part I of the Request above. (All capitalized terms used below and not otherwise defined in this Part II, shall have the meanings as defined in Part I above.) In support of Part II of its Request, Newfield states as follows:

11. Newfield's allegations 1 through 10 are incorporated herein by reference.

12. The Board has jurisdiction of the parties and subject matter of the Request, pursuant to Sections 40-6-5, 40-6-6, and 40-6-6.5 of the Utah Code Annotated.

13. Newfield has attempted to enter leases for the development and operation of the 40-acre drilling and spacing units proposed to be established in this Cause (hereinafter, sometimes "Unit" or "Units") with the owners of the mineral interests in the Units. Newfield's attempts in this regard have not been totally successful. Newfield is continuing to attempt to reach agreements with the unleased owners regarding the leasing of the owners' mineral interests within the Subject Lands.

14. Newfield is currently preparing written invitations to the unleased mineral interest owners to join and participate in the Subject Wells, including a detailed Authority for Expenditure ("AFE") and Joint Operating Agreement for each well. Such invitations will be mailed to the owners very shortly after this Request is filed. On information and belief, Newfield believes that several of the unleased owners do not intend to participate in the Subject Wells.

15. Newfield has conducted a thorough title examination of the mineral ownership in the Subject Lands in an effort to identify and locate the owners of those interests. However, not all of the owners are locatable. Newfield's efforts in this regard are continuing and Newfield will report to the Board at or before the hearing regarding the owners who remain unlocatable.

16. In the event that the Board establishes the Units as requested herein, in order to facilitate development of the Units in the absence of a written agreement between Newfield and the other owners with each Unit, Newfield requests that the Board enter an order pooling all interests within the established Units for the development and operation of the Units and the

respective designated Unit wells, and further providing in accordance with Utah Code Ann. § 40-6-6.5:

- a. That operations incident to the drilling of a designated Unit well upon any part of a Unit covered by such order shall be deemed for all purposes to be operations upon each separately owned tract in the Unit.
- b. That the portion of production allocated or applicable to a separately owned tract within any Unit covered by such order shall, when produced, be deemed for all purposes to have been produced from that tract by a well drilled on it.
- c. That such order provide for the payment of just and reasonable costs incurred in the drilling and operation of the designated Unit wells, including, but not limited to:
 - (i) the costs of drilling, completing, equipping, producing, gathering, transporting, processing, marketing, and storage facilities;
 - (ii) reasonable charges for the administration and supervision of operations; and
 - (iii) other costs customarily incurred in the industry.
- d. That an owner is not liable for costs or losses resulting from the gross negligence or willful misconduct of the operator.
- e. That if an owner does not elect to participate in the just and reasonable costs incurred and to be incurred in the drilling and operation of the designated Unit wells within a reasonable time to be set by the Board following written notice of the opportunity to participate (a "**Non-Consenting Owner**"), then such party shall be entitled to receive, subject to royalty or similar obligations, the share of production

of the well applicable to his or her interest in the Unit after the owners who elect to participate in the just and reasonable costs incurred and to be incurred in the drilling and operation of the designated Unit wells (the “**Consenting Owners**”) have recovered from the Non-Consenting Owner’s share of production the following amounts less any cash contributions made by the Non-Consenting Owner:

- (i) 100% of the Non-Consenting Owner’s share of the cost of surface equipment beyond the wellhead connections;
- (ii) 100% of the Non-Consenting Owner’s share of the estimated cost to plug and abandon the well as determined by the Board;
- (iii) 100% of the Non-Consenting Owner’s share of the cost of operation of the well commencing with first production and continuing until the Consenting Owners have recovered all costs;
- (iv) an amount to be determined by the Board but not less than 150% nor greater than 300% of the Non-Consenting Owner’s share of the costs of staking the location, wellsite preparation, rights-of-way, rigging up, drilling, reworking, recompleting, deepening or plugging back, testing and completing, and the cost of equipment in the well to and including the wellhead connections.

f. That a Non-Consenting Owner’s share of the costs specified above is that interest which would have been chargeable to the Non-Consenting Owner had it initially agreed to pay its share of the costs of the well from the commencement of the operations for the well.

l. That when the Consenting Owners have recovered from a Non-Consenting Owner's relinquished interest all of the amounts specified herein, the relinquished interest shall automatically revert to the Non-Consenting Owner. The Non-Consenting Owner shall from that time own the same interest in the designated Unit well and the production from it, and be liable for the further costs of the operation, as if he or she had participated in the initial drilling and operation. Such costs shall be payable out of production.

m. That in any circumstance where a Non-Consenting Owner has relinquished his or her share of production or at any time fails to take his or her share of production in-kind when he or she is entitled to do so, the Non-Consenting Owner shall be entitled to an accounting of the oil and gas proceeds applicable to his or her relinquished share of production, and payment of the oil and gas proceeds applicable to that share of production not taken in-kind, net of costs.

n. That a reasonable interest charge of the Prime Rate plus 2% (percent) (with "Prime Rate" defined as the prime rate reported by Wells Fargo Bank in Salt Lake City, or, if Wells Fargo Bank ceases to exist or to report a prime rate, then the Prime Rate shall be the prime rate reported by a comparable bank operating in the State of Utah) be imposed on the outstanding costs and expenses.

o. That plugging and abandonment costs based on evidence provided by Newfield at the hearing in this Cause be determined.

p. That all other issues between any Non-Consenting Owners and the Consenting Owners not otherwise expressly addressed in the Board's order be

CERTIFICATE OF MAILING

I hereby certify that on this 10th day of August, 2010, I caused a true and correct copy of the foregoing Request for Agency Action to be served via U.S. Mail, properly addressed with postage prepaid, upon each of the following:

Michael S. Johnson
Assistant Attorney General
Utah Board of Oil, Gas and Mining
1594 West North Temple, Suite 300
Salt Lake City, UT 84116

Steven F. Alder
Assistant Attorney General
Utah Division of Oil, Gas & Mining
1594 West North Temple, Suite 300
Salt Lake City, UT 84116

Rio Grande Children's Home
1601 Elm, Suite 1700
Dallas, TX 75201

First Christian Church of Edinburg
410 West University Drive
Edinburg, TX 78539

David Welch
P O Box 147
Greenville, PA 16125

Heritage Foundation of Hidalgo County
902 South 2nd Street
Hidalgo, TX 78557

Estate of Helen Snider
John L. Chishum, Executor
108 Wagonwheel Circle
Wimberley, TX 78676

Museum of South Texas History
200 N. Closner Boulevard
Edinburg, TX 78541

Texas Numismatic Association
1812 Rainbow Drive
Richardson, TX 75081

Ester Dickinson
Donna J. Dyke, POA
5258 Aurora Road, NE
Mechanicstown, OH 44651

Ben F. Love
4144 West 11th Street
Wichita, KS 67212

Kathryn J. Stocker
907 Ocean Place
Vero Beach, FL 32963

Terry Stocker
510 Brandon Avenue
Struthers, OH 44471

Richard T. Love
4833 Idyllbrooke Village Drive
Erie, PA 16506

Shirley Sanders
211 E. Park Avenue
Columbiana, OH 44408

Donna J. Dyke
5258 Aurora Road, NE
Mechanicstown, OH 44651

BEFORE THE BOARD OF OIL, GAS AND MINING

DEPARTMENT OF NATURAL RESOURCES

STATE OF UTAH

PART I:

IN THE MATTER OF THE REQUEST
FOR AGENCY ACTION OF
NEWFIELD PRODUCTION COMPANY
FOR AN ORDER ESTABLISHING 40-
ACRE DRILLING AND SPACING
UNITS FOR THE PRODUCTION OF
OIL, GAS, AND OTHER
HYDROCARBONS FROM THE
GREEN RIVER FORMATION IN THE
S½ OF SECTION 13, TOWNSHIP 4
SOUTH, RANGE 1 WEST, U.S.M., AND
THE S½ OF SECTION 19, TOWNSHIP
4 SOUTH, RANGE 1 EAST, U.S.M.,
UINTAH COUNTY, UTAH.

SUPPLEMENTAL
CERTIFICATE OF SERVICE

Docket No. 2010-025
Cause No. 266-03

PART II:

IN THE MATTER OF THE REQUEST
FOR AGENCY ACTION OF
NEWFIELD PRODUCTION COMPANY
FOR AN ORDER POOLING ALL
INTERESTS IN THE SO-
ESTABLISHED DRILLING AND
SPACING UNITS IN THE S½ OF
SECTION 13, TOWNSHIP 4 SOUTH,
RANGE 1 WEST, U.S.M., AND THE S½
OF SECTION 19, TOWNSHIP 4
SOUTH, RANGE 1 EAST, U.S.M.,
UINTAH COUNTY, UTAH.

NEWFIELD PRODUCTION COMPANY, by and through its undersigned
attorneys, hereby respectfully files the above-captioned Supplemental Certificate of Service, in
order to notify the Board of Oil, Gas, & Mining (the "Board") of additional names and addresses

RECEIVED

AUG 24 2010

DIV. OF OIL, GAS & MINING

recently provided by Newfield Production Company of persons who may have a direct interest in the Request for Agency Action filed with the Board on August 10, 2010. See Exhibit "A" attached hereto.

I hereby certify that on the 24th day of August, 2010, I caused a true and correct copy of the foregoing *Supplemental Certificate of Service* and the aforementioned Request for Agency Action to be mailed, via U. S. Mail, postage prepaid, to those individuals listed on Exhibit "A," for whom an address was provided by Newfield Production Company.

VAN COTT, BAGLEY, CORNWALL & McCARTHY

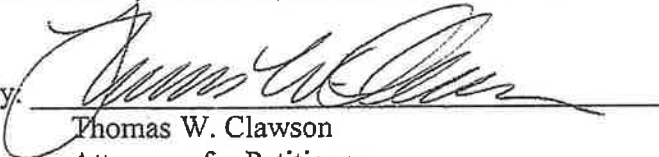
By: 
Thomas W. Clawson
Attorneys for Petitioner
36 South State Street, Suite 1900
Salt Lake City, Utah 84111
Telephone: (801) 532-3333

EXHIBIT "A"

Oman Uintah Farm LLC
14340 South 3600 West
Bluffdale, UT 84065

Sheryl Simpican
47539 Metz Road
New Waterford, OH 4445

Richard Winters
1177 Carey Avenue
Akron, OH 44314

Kathy Mills
P O Box 151
Salem, OH 44460

Robert Morris
Address Unknown

Stephanie Peterson
Address Unknown

Gary Deveraux, Trustee
2378 West 7575 South
West Jordan, UT 84084

Denise Tyma
1839 Alverne Drive
Youngstown, OH 44514

Crystal Van Arsdell
228 Hartman Road
Wadsworth, OH 44281

Stephen Weaver
Address Unknown

Samuel Morris
Address Unknown

Karen McMillan
Address Unknown



September 13, 2010

Make a Wish Foundation
ATTN: Ava Sandlin
One Park Place, Suite 405
McAllen, TX 78503

VIA CERTIFIED MAIL

RE: Township 4 South, Range 1 West, USM
Section 13: Lots 3, 4, W2SE, SW

Township 4 South, Range 1 East, USM
Section 19: Lots 3, 4, E2SW, SE

Uintah County, Utah

Dear Ms. Sandlin;

As a follow up to my letter dated March 4, 2010 and our various telephone conversations, including our most recent conversation on July 28, I want to again express Newfield Production Company's (Newfield) interest in leasing the Make a Wish Foundation's 5% mineral interest in the lands referenced above. As we discussed on July 28, Newfield is offering two leasing options for you: [REDACTED]

[REDACTED] If you would like to lease your mineral interest, please contact me at 303-382-4444 and I will send you a lease with the appropriate royalty for your execution. Please note, Newfield's offer to lease your mineral interest expires October 10, 2010.

In the alternative, if you do not wish to lease your mineral interest, you do have the right to participate as a working interest owner in the drilling and completion of any wells drilled on the lands referenced above. A working interest owner is responsible for their share of the drilling and completion costs. In the event you prefer participating as a working interest owner in the drilling and completion of the wells located on the referenced lands, enclosed for your execution is a Joint Operating Agreement (JOA) covering the referenced lands, and Authority for Expenditures (AFE's) for the following 16 wells:

First Christian 9-19-4-1E (AFE #22579)
First Christian 10-19-4-1E (AFE #22593)
First Christian 11-19-4-1E (AFE #22594)
First Christian 12-19-4-1E (AFE #22595)
Welch 13-19-4-1E (AFE #20462)
Welch 14-19-4-1E (AFE #20463)
Welch 15-19-4-1E (AFE #20464)
Welch 16-19-4-1E (AFE #20465)
Rio Grande 9-13-4-1 (AFE #22511)
Rio Grande 10-13-4-1 (AFE #22512)
Rio Grande 11-13-4-1 (AFE #22513)
Rio Grande 12-13-4-1 (AFE #22514)
Rio Grande 13-13-4-1 (AFE #22515)
Rio Grande 14-13-4-1 (AFE #22516)

Rio Grande 15-13-4-1 (AFE #22517)

Rio Grande 16-13-4-1 (AFE #22518)

If you choose to participate in the drilling and completion of these wells, please execute the JOA signature page where indicated, having your signature acknowledged by a notary, and all 16 AFE's where indicated, and return the JOA signature pages and AFE signature pages to my attention at the letterhead address. Pursuant to Article V.B.1 of the JOA, you have thirty (30) days in which to make your election.

Please note, pursuant to Utah Code. Ann. §§40-6-5 and 40-6-6, Newfield has filed our Request for Agency Action with the Utah Board of Oil, Gas and Mining for an order establishing 40 acre drilling and spacing units for the above referenced lands, and for an order pooling all interests in the so established drilling and spacing units. If you have not already, you will be receiving notice of this request in the near future.

If you have any questions, please do not hesitate to contact me by phone at 303-382-4444 or by email at reveland@newfield.com.

Sincerely,

A handwritten signature in blue ink that reads "Roxann Eveland". The signature is written in a cursive, flowing style.

Roxann Eveland
Landman

Enclosures



September 13, 2010

Gerald Sanders, Jr.
36414 State Rt. #172
Lisbon, OH 44432

VIA CERTIFIED MAIL

RE: Township 4 South, Range 1 West, USM
Section 13: Lots 3, 4, W2SE, SW

Township 4 South, Range 1 East, USM
Section 19: Lots 3, 4, E2SW, SE

Uintah County, Utah

Dear Mr. Sanders;

You have recently been contacted by Jennifer Hall, with Land Professionals, on behalf of Newfield Production Company (Newfield), regarding your mineral rights in the above referenced lands. As a follow up to Ms. Hall's conversations with you, I want to again express Newfield's interest in leasing your 3.89% mineral interest in the lands referenced above. Newfield is offering you [REDACTED]. If you would like to lease your mineral interest, please contact me at 303-382-4444 or Jennifer Hall at 435-828-1033. Please note, the offer to lease your mineral interest expires October 10, 2010.

In the alternative, if you do not wish to lease your mineral interest, you do have the right to participate as a working interest owner in the drilling and completion of any wells drilled on the lands referenced above. A working interest owner is responsible for their share of the drilling and completion costs. In the event you prefer participating as a working interest owner in the drilling and completion of the wells located on the referenced lands, enclosed for your execution is a Joint Operating Agreement (JOA) covering the referenced lands, and Authority for Expenditures (AFE's) for the following 16 wells:

First Christian 9-19-4-1E (AFE #22579)
First Christian 10-19-4-1E (AFE #22593)
First Christian 11-19-4-1E (AFE #22594)
First Christian 12-19-4-1E (AFE #22595)
Welch 13-19-4-1E (AFE #20462)
Welch 14-19-4-1E (AFE #20463)
Welch 15-19-4-1E (AFE #20464)
Welch 16-19-4-1E (AFE #20465)
Rio Grande 9-13-4-1 (AFE #22511)
Rio Grande 10-13-4-1 (AFE #22512)
Rio Grande 11-13-4-1 (AFE #22513)
Rio Grande 12-13-4-1 (AFE #22514)
Rio Grande 13-13-4-1 (AFE #22515)
Rio Grande 14-13-4-1 (AFE #22516)
Rio Grande 15-13-4-1 (AFE #22517)
Rio Grande 16-13-4-1 (AFE #22518)

If you choose to participate in the drilling and completion of these wells, please execute the JOA signature pages where indicated, having your signature acknowledged by a notary, and all 16 AFE's where indicated, and return the JOA signature pages and AFE signature pages to my attention at the letterhead address. Pursuant to Article V.B.1 of the JOA, you have thirty (30) days in which to make your election.

Please note, pursuant to Utah Code. Ann. §§40-6-5 and 40-6-6, Newfield has filed our Request for Agency Action with the Utah Board of Oil, Gas and Mining for an order establishing 40 acre drilling and spacing units for the above referenced lands, and for an order pooling all interests in the so established drilling and spacing units. If you have not already, you will be receiving notice of this request in the near future.

If you have any questions, please do not hesitate to contact me by phone at 303-382-4444 or by email at reveland@newfield.com.

Sincerely,

A handwritten signature in blue ink that reads "Roxann Eveland". The signature is written in a cursive, flowing style.

Roxann Eveland
Landman

Enclosures



September 13, 2010

JoAnn Cope
46901 Metz Road
New Waterford, OH 44445

VIA CERTIFIED MAIL

RE: Township 4 South, Range 1 West, USM
Section 13: Lots 3, 4, W2SE, SW

Township 4 South, Range 1 East, USM
Section 19: Lots 3, 4, E2SW, SE

Uintah County, Utah

Dear Mrs. Cope;

You have been recently contacted by Jennifer Hall, with Land Professionals, on behalf of Newfield Production Company (Newfield), regarding your mineral rights in the above referenced lands. As a follow up to Ms. Hall's conversations with you, I want to again express Newfield's interest in leasing your 2.78% mineral interest in the lands referenced above. Newfield is offering you [REDACTED] If you would like to lease your mineral interest, please contact me at 303-382-4444 or Jennifer Hall at 435-828-1033. Please note, the offer to lease your mineral interest expires October 10, 2010.

In the alternative, if you do not wish to lease your mineral interest, you do have the right to participate as a working interest owner in the drilling and completion of any wells drilled on the lands referenced above. A working interest owner is responsible for their share of the drilling and completion costs. In the event you prefer participating as a working interest owner in the drilling and completion of the wells located on the referenced lands, enclosed for your execution is a Joint Operating Agreement (JOA) covering the referenced lands, and Authority for Expenditures (AFE's) for the following 16 wells:

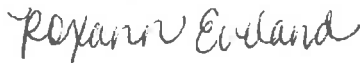
First Christian 9-19-4-1E (AFE #22579)
First Christian 10-19-4-1E (AFE #22593)
First Christian 11-19-4-1E (AFE #22594)
First Christian 12-19-4-1E (AFE #22595)
Welch 13-19-4-1E (AFE #20462)
Welch 14-19-4-1E (AFE #20463)
Welch 15-19-4-1E (AFE #20464)
Welch 16-19-4-1E (AFE #20465)
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Rio Grande 11-13-4-1 (AFE #22513)
Rio Grande 12-13-4-1 (AFE #22514)
Rio Grande 13-13-4-1 (AFE #22515)
Rio Grande 14-13-4-1 (AFE #22516)
Rio Grande 15-13-4-1 (AFE #22517)
Rio Grande 16-13-4-1 (AFE #22518)

If you choose to participate in the drilling and completion of these wells, please execute the JOA signature pages where indicated, having your signature acknowledged by a notary, and all 16 AFE's where indicated, and return the JOA signature pages and AFE signature pages to my attention at the letterhead address. Pursuant to Article V.B.1 of the JOA, you have thirty (30) days in which to make your election.

Please note, pursuant to Utah Code. Ann. §§40-6-5 and 40-6-6, Newfield has filed our Request for Agency Action with the Utah Board of Oil, Gas and Mining for an order establishing 40 acre drilling and spacing units for the above referenced lands, and for an order pooling all interests in the so established drilling and spacing units. If you have not already, you will be receiving notice of this request in the near future.

If you have any questions, please do not hesitate to contact me by phone at 303-382-4444 or by email at reveland@newfield.com.

Sincerely,

A handwritten signature in cursive script that reads "Roxann Eveland".

Roxann Eveland
Landman

Enclosures



September 13, 2010

American Red Cross
ATTN: Michael Huckabee
PO Box 2202
Harlingen, TX 78551

VIA CERTIFIED MAIL

RE: Township 4 South, Range 1 West, USM
Section 13: Lots 3, 4, W2SE, SW

Township 4 South, Range 1 East, USM
Section 19: Lots 3, 4, E2SW, SE

Uintah County, Utah

Dear Mr. Huckabee;

As a follow up to my letter dated March 8, 2010 and our various telephone conversations, I want to again express Newfield Production Company's (Newfield) interest in leasing the 2.5% mineral interest of the American Red Cross in the lands referenced above. Newfield has offered you [REDACTED] At this time, we would like to offer two new leasing options: [REDACTED]

[REDACTED] If you would like to lease your mineral interest, please contact me at 303-382-4444 and I will send you a lease with the appropriate royalty for your execution. Please note, this offer to lease your mineral interest expires October 10, 2010.

In the alternative, if you do not wish to lease your mineral interest, you do have the right to participate as a working interest owner in the drilling and completion of any wells drilled on the lands referenced above. A working interest owner is responsible for their share of the drilling and completion costs. In the event you prefer participating as a working interest owner in the drilling and completion of the wells located on the referenced lands, enclosed for your execution is a Joint Operating Agreement (JOA) covering the referenced lands, and Authority for Expenditures (AFE's) for the following 16 wells:

First Christian 9-19-4-1E (AFE #22579)
First Christian 10-19-4-1E (AFE #22593)
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Welch 15-19-4-1E (AFE #20464)
Welch 16-19-4-1E (AFE #20465)
Rio Grande 9-13-4-1 (AFE #22511)
Rio Grande 10-13-4-1 (AFE #22512)
Rio Grande 11-13-4-1 (AFE #22513)
Rio Grande 12-13-4-1 (AFE #22514)
Rio Grande 13-13-4-1 (AFE #22515)
Rio Grande 14-13-4-1 (AFE #22516)

Rio Grande 15-13-4-1 (AFE #22517)

Rio Grande 16-13-4-1 (AFE #22518)

If you choose to participate in the drilling and completion of these wells, please execute the JOA signature page where indicated, having your signature acknowledged by a notary, and all 16 AFE's where indicated, and return the JOA signature page and AFE signature pages to my attention at the letterhead address. Pursuant to Article V.B.1 of the JOA, you have thirty (30) days in which to make your election.

Please note, pursuant to Utah Code. Ann. §§40-6-5 and 40-6-6, Newfield has filed our Request for Agency Action with the Utah Board of Oil, Gas and Mining for an order establishing 40 acre drilling and spacing units for the above referenced lands, and for an order pooling all interests in the so established drilling and spacing units. If you have not already, you will be receiving notice of this request in the near future.

If you have any questions, please do not hesitate to contact me by phone at 303-382-4444 or by email at reveland@newfield.com.

Sincerely,

A handwritten signature in cursive script that reads "Roxann Eveland".

Roxann Eveland
Landman

Enclosures



September 13, 2010

Irma Sanders
1024 McNaughten Rd.
Columbus, OH 43213

VIA CERTIFIED MAIL

RE: Township 4 South, Range 1 West, USM
Section 13: Lots 3, 4, W2SE, SW

Township 4 South, Range 1 East, USM
Section 19: Lots 3, 4, E2SW, SE

Uintah County, Utah

Dear Mrs. Sanders;

In May of this year, you were contacted by Jennifer Hall, with Land Professionals, on behalf of Newfield Production Company (Newfield), regarding your mineral rights in the above referenced lands. As a follow up to Ms. Hall's conversations with you, I want to again express Newfield's interest in leasing your 1.11% mineral interest in the lands referenced above. Newfield is offering you [REDACTED] If you would like to lease your mineral interest, please contact me at 303-382-4444 or Jennifer Hall at 435-828-1033. Please note, the offer to lease your mineral interest expires October 10, 2010.

In the alternative, if you do not wish to lease your mineral interest, you do have the right to participate as a working interest owner in the drilling and completion of any wells drilled on the lands referenced above. A working interest owner is responsible for their share of the drilling and completion costs. In the event you prefer participating as a working interest owner in the drilling and completion of the wells located on the referenced lands, enclosed for your execution is a Joint Operating Agreement (JOA) covering the referenced lands, and Authority for Expenditures (AFE's) for the following 16 wells:

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Rio Grande 14-13-4-1 (AFE #22516)
Rio Grande 15-13-4-1 (AFE #22517)
Rio Grande 16-13-4-1 (AFE #22518)

If you choose to participate in the drilling and completion of these wells, please execute the JOA signature pages where indicated, having your signature acknowledged by a notary, and all 16 AFE's where indicated, and return the JOA signature pages and AFE signature pages to my attention at the letterhead address. Pursuant to Article V.B.1 of the JOA, you have thirty (30) days in which to make your election.

Please note, pursuant to Utah Code. Ann. §§40-6-5 and 40-6-6, Newfield has filed our Request for Agency Action with the Utah Board of Oil, Gas and Mining for an order establishing 40 acre drilling and spacing units for the above referenced lands, and for an order pooling all interests in the so established drilling and spacing units. If you have not already, you will be receiving notice of this request in the near future.

If you have any questions, please do not hesitate to contact me by phone at 303-382-4444 or by email at reveland@newfield.com.

Sincerely,



Roxann Eveland
Landman

Enclosures



September 13, 2010

Sheryl Simpican
47539 Metz Road
Waterford, OH 44445

VIA CERTIFIED MAIL

RE: Township 4 South, Range 1 West, USM
Section 13: Lots 3, 4, W2SE, SW

Township 4 South, Range 1 East, USM
Section 19: Lots 3, 4, E2SW, SE

Uintah County, Utah

Dear Mrs. Simpican;

You have been recently contacted by Jennifer Hall, with Land Professionals, on behalf of Newfield Production Company (Newfield), regarding your mineral rights in the above referenced lands. As a follow up to Ms. Hall's conversations with you, I want to again express Newfield's interest in leasing your .462963% mineral interest in the lands referenced above. Newfield is offering you [REDACTED] [REDACTED] If you would like to lease your mineral interest, please contact me at 303-382-4444 or Jennifer Hall at 435-828-1033. Please note, the offer to lease your mineral interest expires October 10, 2010.

In the alternative, if you do not wish to lease your mineral interest, you do have the right to participate as a working interest owner in the drilling and completion of any wells drilled on the lands referenced above. A working interest owner is responsible for their share of the drilling and completion costs. In the event you prefer participating as a working interest owner in the drilling and completion of the wells located on the referenced lands, enclosed for your execution is a Joint Operating Agreement (JOA) covering the referenced lands, and Authority for Expenditures (AFE's) for the following 16 wells:

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Rio Grande 14-13-4-1 (AFE #22516)
Rio Grande 15-13-4-1 (AFE #22517)
Rio Grande 16-13-4-1 (AFE #22518)



September 13, 2010

Denise Tyma
1839 Alverne Dr.
Youngstown, OH 44514

VIA CERTIFIED MAIL

RE: Township 4 South, Range 1 West, USM
Section 13: Lots 3, 4, W2SE, SW

Township 4 South, Range 1 East, USM
Section 19: Lots 3, 4, E2SW, SE

Uintah County, Utah

Dear Mrs. Tyma;

You have been recently contacted by Jennifer Hall, with Land Professionals, on behalf of Newfield Production Company (Newfield), regarding your mineral rights in the above referenced lands. As a follow up to Ms. Hall's conversations with you, I want to again express Newfield's interest in leasing your .462963% mineral interest in the lands referenced above. Newfield is offering you [REDACTED] [REDACTED] If you would like to lease your mineral interest, please contact me at 303-382-4444 or Jennifer Hall at 435-828-1033. Please note, the offer to lease your mineral interest expires October 10, 2010.

In the alternative, if you do not wish to lease your mineral interest, you do have the right to participate as a working interest owner in the drilling and completion of any wells drilled on the lands referenced above. A working interest owner is responsible for their share of the drilling and completion costs. In the event you prefer participating as a working interest owner in the drilling and completion of the wells located on the referenced lands, enclosed for your execution is a Joint Operating Agreement (JOA) covering the referenced lands, and Authority for Expenditures (AFE's) for the following 16 wells:

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Rio Grande 16-13-4-1 (AFE #22518)

If you choose to participate in the drilling and completion of these wells, please execute the JOA signature pages where indicated, having your signature acknowledged by a notary, and all 16 AFE's where indicated, and return the JOA signature pages and AFE signature pages to my attention at the letterhead address. Pursuant to Article V.B.1 of the JOA, you have thirty (30) days in which to make your election.

Please note, pursuant to Utah Code. Ann. §§40-6-5 and 40-6-6, Newfield has filed our Request for Agency Action with the Utah Board of Oil, Gas and Mining for an order establishing 40 acre drilling and spacing units for the above referenced lands, and for an order pooling all interests in the so established drilling and spacing units. If you have not already, you will be receiving notice of this request in the near future.

If you have any questions, please do not hesitate to contact me by phone at 303-382-4444 or by email at reveland@newfield.com.

Sincerely,

A handwritten signature in cursive script that reads "Roxann Eveland".

Roxann Eveland
Landman

Enclosures



September 13, 2010

Richard Winters
1177 Carey Ave.
Akron, OH 44314

VIA CERTIFIED MAIL

RE: Township 4 South, Range 1 West, USM
Section 13: Lots 3, 4, W2SE, SW

Township 4 South, Range 1 East, USM
Section 19: Lots 3, 4, E2SW, SE

Uintah County, Utah

Dear Mr. Winters;

You have been recently contacted by Jennifer Hall, with Land Professionals, on behalf of Newfield Production Company (Newfield), regarding your mineral rights in the above referenced lands. As a follow up to Ms. Hall's conversations with you, I want to again express Newfield's interest in leasing your .462963% mineral interest in the lands referenced above. Newfield is offering you [REDACTED] [REDACTED] If you would like to lease your mineral interest, please contact me at 303-382-4444 or Jennifer Hall at 435-828-1033. Please note, the offer to lease your mineral interest expires October 10, 2010.

In the alternative, if you do not wish to lease your mineral interest, you do have the right to participate as a working interest owner in the drilling and completion of any wells drilled on the lands referenced above. A working interest owner is responsible for their share of the drilling and completion costs. In the event you prefer participating as a working interest owner in the drilling and completion of the wells located on the referenced lands, enclosed for your execution is a Joint Operating Agreement (JOA) covering the referenced lands, and Authority for Expenditures (AFE's) for the following 16 wells:

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If you choose to participate in the drilling and completion of these wells, please execute the JOA signature pages where indicated, having your signature acknowledged by a notary, and all 16 AFE's where indicated, and return the JOA signature pages and AFE signature pages to my attention at the letterhead address. Pursuant to Article V.B.1 of the JOA, you have thirty (30) days in which to make your election.

Please note, pursuant to Utah Code. Ann. §§40-6-5 and 40-6-6, Newfield has filed our Request for Agency Action with the Utah Board of Oil, Gas and Mining for an order establishing 40 acre drilling and spacing units for the above referenced lands, and for an order pooling all interests in the so established drilling and spacing units. If you have not already, you will be receiving notice of this request in the near future.

If you have any questions, please do not hesitate to contact me by phone at 303-382-4444 or by email at reveland@newfield.com.

Sincerely,

A handwritten signature in cursive script that reads "Roxann Eveland".

Roxann Eveland
Landman

Enclosures



September 13, 2010

Crystal Van Arsdell
228 Hartman Road
Wadsworth, OH 44281

VIA CERTIFIED MAIL

RE: Township 4 South, Range 1 West, USM
Section 13: Lots 3, 4, W2SE, SW

Township 4 South, Range 1 East, USM
Section 19: Lots 3, 4, E2SW, SE

Uintah County, Utah

Dear Mrs. Van Arsdell;

You have been recently contacted by Jennifer Hall, with Land Professionals, on behalf of Newfield Production Company (Newfield), regarding your mineral rights in the above referenced lands. As a follow up to Ms. Hall's conversations with you, I want to again express Newfield's interest in leasing your .462963% mineral interest in the lands referenced above. Newfield is offering you [REDACTED] [REDACTED]. If you would like to lease your mineral interest, please contact me at 303-382-4444 or Jennifer Hall at 435-828-1033. Please note, the offer to lease your mineral interest expires October 10, 2010.

In the alternative, if you do not wish to lease your mineral interest, you do have the right to participate as a working interest owner in the drilling and completion of any wells drilled on the lands referenced above. A working interest owner is responsible for their share of the drilling and completion costs. In the event you prefer participating as a working interest owner in the drilling and completion of the wells located on the referenced lands, enclosed for your execution is a Joint Operating Agreement (JOA) covering the referenced lands, and Authority for Expenditures (AFE's) for the following 16 wells:

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If you choose to participate in the drilling and completion of these wells, please execute the JOA signature pages where indicated, having your signature acknowledged by a notary, and all 16 AFE's where indicated, and return the JOA signature pages and AFE signature pages to my attention at the letterhead address. Pursuant to Article V.B.1 of the JOA, you have thirty (30) days in which to make your election.

Please note, pursuant to Utah Code. Ann. §§40-6-5 and 40-6-6, Newfield has filed our Request for Agency Action with the Utah Board of Oil, Gas and Mining for an order establishing 40 acre drilling and spacing units for the above referenced lands, and for an order pooling all interests in the so established drilling and spacing units. If you have not already, you will be receiving notice of this request in the near future.

If you have any questions, please do not hesitate to contact me by phone at 303-382-4444 or by email at reveland@newfield.com.

Sincerely,

A handwritten signature in cursive script that reads "Roxann Eveland".

Roxann Eveland
Landman

Enclosures



September 13, 2010

Kathy Mills
PO Box 151
Salem, OH 44460

VIA CERTIFIED MAIL

RE: Township 4 South, Range 1 West, USM
Section 13: Lots 3, 4, W2SE, SW

Township 4 South, Range 1 East, USM
Section 19: Lots 3, 4, E2SW, SE

Uintah County, Utah

Dear Ms. Mills;

You have been recently contacted by Jennifer Hall, with Land Professionals, on behalf of Newfield Production Company (Newfield), regarding your mineral rights in the above referenced lands. As a follow up to Ms. Hall's conversations with you, I want to again express Newfield's interest in leasing your .231481% mineral interest in the lands referenced above. Newfield is offering you [REDACTED] If you would like to lease your mineral interest, please contact me at 303-382-4444 or Jennifer Hall at 435-828-1033. Please note, the offer to lease your mineral interest expires October 10, 2010.

In the alternative, if you do not wish to lease your mineral interest, you do have the right to participate as a working interest owner in the drilling and completion of any wells drilled on the lands referenced above. A working interest owner is responsible for their share of the drilling and completion costs. In the event you prefer participating as a working interest owner in the drilling and completion of the wells located on the referenced lands, enclosed for your execution is a Joint Operating Agreement (JOA) covering the referenced lands, and Authority for Expenditures (AFE's) for the following 16 wells:

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If you choose to participate in the drilling and completion of these wells, please execute the JOA signature pages where indicated, having your signature acknowledged by a notary, and all 16 AFE's where indicated, and return the JOA signature pages and AFE signature pages to my attention at the letterhead address. Pursuant to Article V.B.1 of the JOA, you have thirty (30) days in which to make your election.

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If you have any questions, please do not hesitate to contact me by phone at 303-382-4444 or by email at reveland@newfield.com.

Sincerely,

A handwritten signature in cursive script that reads "Roxann Eveland".

Roxann Eveland
Landman

Enclosures



September 13, 2010

Stephen Weaver
14405 Market Street
Columbiana, OH 44408

VIA CERTIFIED MAIL

RE: Township 4 South, Range 1 West, USM
Section 13: Lots 3, 4, W2SE, SW

Township 4 South, Range 1 East, USM
Section 19: Lots 3, 4, E2SW, SE

Uintah County, Utah

Dear Mr. Weaver;

You have been recently contacted by Jennifer Hall, with Land Professionals, on behalf of Newfield Production Company (Newfield), regarding your mineral rights in the above referenced lands. As a follow up to Ms. Hall's conversations with you, I want to again express Newfield's interest in leasing your .231481% mineral interest in the lands referenced above. Newfield is offering you [REDACTED] [REDACTED] If you would like to lease your mineral interest, please contact me at 303-382-4444 or Jennifer Hall at 435-828-1033. Please note, the offer to lease your mineral interest expires October 10, 2010.

In the alternative, if you do not wish to lease your mineral interest, you do have the right to participate as a working interest owner in the drilling and completion of any wells drilled on the lands referenced above. A working interest owner is responsible for their share of the drilling and completion costs. In the event you prefer participating as a working interest owner in the drilling and completion of the wells located on the referenced lands, enclosed for your execution is a Joint Operating Agreement (JOA) covering the referenced lands, and Authority for Expenditures (AFE's) for the following 16 wells:

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If you choose to participate in the drilling and completion of these wells, please execute the JOA signature pages where indicated, having your signature acknowledged by a notary, and all 16 AFE's where indicated, and return the JOA signature pages and AFE signature pages to my attention at the letterhead address. Pursuant to Article V.B.1 of the JOA, you have thirty (30) days in which to make your election.

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If you have any questions, please do not hesitate to contact me by phone at 303-382-4444 or by email at reveland@newfield.com.

Sincerely,

A handwritten signature in cursive script that reads "Roxann Eveland".

Roxann Eveland
Landman

Enclosures



September 13, 2010

Stephanie Peterson
238 Lee Avenue
Lisbon, OH 44432

VIA CERTIFIED MAIL

RE: Township 4 South, Range 1 West, USM
Section 13: Lots 3, 4, W2SE, SW

Township 4 South, Range 1 East, USM
Section 19: Lots 3, 4, E2SW, SE

Uintah County, Utah

Dear Ms. Peterson;

You have been recently contacted by Jennifer Hall, with Land Professionals, on behalf of Newfield Production Company (Newfield), regarding your mineral rights in the above referenced lands. As a follow up to Ms. Hall's conversations with you, I want to again express Newfield's interest in leasing your .11574% mineral interest in the lands referenced above. Newfield is offering you [REDACTED] [REDACTED] If you would like to lease your mineral interest, please contact me at 303-382-4444 or Jennifer Hall at 435-828-1033. Please note, the offer to lease your mineral interest expires October 10, 2010.

In the alternative, if you do not wish to lease your mineral interest, you do have the right to participate as a working interest owner in the drilling and completion of any wells drilled on the lands referenced above. A working interest owner is responsible for their share of the drilling and completion costs. In the event you prefer participating as a working interest owner in the drilling and completion of the wells located on the referenced lands, enclosed for your execution is a Joint Operating Agreement (JOA) covering the referenced lands, and Authority for Expenditures (AFE's) for the following 16 wells:

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)

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If you have any questions, please do not hesitate to contact me by phone at 303-382-4444 or by email at reveland@newfield.com.

Sincerely,



Roxann Eveland
Landman

Enclosures

Land Exhibit 6

A.A.P.L. FORM 610 - 1989

MODEL FORM OPERATING AGREEMENT

OPERATING AGREEMENT

DATED

September 13, 2010

OPERATOR Newfield Production Company

CONTRACT AREA Township 4 South, Range 1 East, USM
Section 19: Lot 3, Lot 4, E2SW, SE

Township 4 South, Range 1 West, USM
Section 13: Lot 3, Lot 4, W2SE, SW

COUNTY OR PARISH OF Uintah County, STATE OF Utah

COPYRIGHT 1989 - ALL RIGHTS RESERVED
AMERICAN ASSOCIATION OF PETROLEUM
LANDMEN, 4100 FOSSIL CREEK BLVD.
FORT WORTH, TEXAS 76137-2791, APPROVED FORM,
A.A.P.L. NO. 610 - 1989

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OPERATING AGREEMENT

THIS AGREEMENT, entered into by and between Newfield Production Company, hereinafter designated and referred to as "Operator," and the signatory party or parties other than Operator, sometimes hereinafter referred to individually as "Non-Operator," and collectively as "Non-Operators."

WITNESSETH:

WHEREAS, the parties to this agreement are owners of Oil and Gas Leases and/or Oil and Gas Interests in the land identified in Exhibit "A," and the parties hereto have reached an agreement to explore and develop these Leases and/or Oil and Gas Interests for the production of Oil and Gas to the extent and as hereinafter provided,

NOW, THEREFORE, it is agreed as follows:

ARTICLE I

DEFINITIONS

As used in this agreement, the following words and terms shall have the meanings here ascribed to them:

A. The term "AFE" shall mean an Authority for Expenditure prepared by a party to this agreement for the purpose of estimating the costs to be incurred in conducting an operation hereunder.

B. The term "Completion" or "Complete" shall mean a single operation intended to complete a well as a producer of Oil and Gas in one or more Zones, including, but not limited to, the setting of production casing, perforating, well stimulation and production testing conducted in such operation.

C. The term "Contract Area" shall mean all of the lands, Oil and Gas Leases and/or Oil and Gas Interests intended to be developed and operated for Oil and Gas purposes under this agreement. Such lands, Oil and Gas Leases and Oil and Gas Interests are described in Exhibit "A."

D. The term "Deepen" shall mean a single operation whereby a well is drilled to an objective Zone below the deepest Zone in which the well was previously drilled, or below the Deepest Zone proposed in the associated AFE, whichever is the lesser.

E. The terms "Drilling Party" and "Consenting Party" shall mean a party who agrees to join in and pay its share of the cost of any operation conducted under the provisions of this agreement.

F. The term "Drilling Unit" shall mean the area fixed for the drilling of one well by order or rule of any state or federal body having authority. If a Drilling Unit is not fixed by any such rule or order, a Drilling Unit shall be the drilling unit as established by the pattern of drilling in the Contract Area unless fixed by express agreement of the Drilling Parties.

G. The term "Drillsite" shall mean the Oil and Gas Lease or Oil and Gas Interest on which a proposed well is to be located.

H. The term "Initial Well" shall mean the well required to be drilled by the parties hereto as provided in Article VI.A.

I. The term "Non-Consent Well" shall mean a well in which less than all parties have conducted an operation as provided in Article VI.B.2.

J. The terms "Non-Drilling Party" and "Non-Consenting Party" shall mean a party who elects not to participate in a proposed operation.

K. The term "Oil and Gas" shall mean oil, gas, casinghead gas, gas condensate, and/or all other liquid or gaseous hydrocarbons and other marketable substances produced therewith, unless an intent to limit the inclusiveness of this term is specifically stated.

L. The term "Oil and Gas Interests" or "Interests" shall mean unleased fee and mineral interests in Oil and Gas in tracts of land lying within the Contract Area which are owned by parties to this agreement.

M. The terms "Oil and Gas Lease," "Lease" and "Leasehold" shall mean the oil and gas leases or interests therein covering tracts of land lying within the Contract Area which are owned by the parties to this agreement.

N. The term "Plug Back" shall mean a single operation whereby a deeper Zone is abandoned in order to attempt a Completion in a shallower Zone.

O. The term "Recompletion" or "Recomplete" shall mean an operation whereby a Completion in one Zone is abandoned in order to attempt a Completion in a different Zone within the existing wellbore.

P. The term "Rework" shall mean an operation conducted in the wellbore of a well after it is Completed to secure, restore, or improve production in a Zone which is currently open to production in the wellbore. Such operations include, but are not limited to, well stimulation operations but exclude any routine repair or maintenance work or drilling, Sidetracking, Deepening, Completing, Recompleting, or Plugging Back of a well.

Q. The term "Sidetrack" shall mean the directional control and intentional deviation of a well from vertical so as to change the bottom hole location unless done to straighten the hole or drill around junk in the hole to overcome other mechanical difficulties.

R. The term "Zone" shall mean a stratum of earth containing or thought to contain a common accumulation of Oil and Gas separately producible from any other common accumulation of Oil and Gas.

Unless the context otherwise clearly indicates, words used in the singular include the plural, the word "person" includes natural and artificial persons, the plural includes the singular, and any gender includes the masculine, feminine, and neuter.

ARTICLE II

EXHIBITS

The following exhibits, as indicated below and attached hereto, are incorporated in and made a part hereof:

☒ A. Exhibit "A," shall include the following information:

- (1) Description of lands subject to this agreement,
- (2) Restrictions, if any, as to depths, formations, or substances,
- (3) Parties to agreement with addresses and telephone numbers for notice purposes,
- (4) Percentages or fractional interests of parties to this agreement,
- (5) Oil and Gas Leases and/or Oil and Gas Interests subject to this agreement,
- (6) ~~Burdens on production.~~

~~B. Exhibit "B," Form of Lease.~~

☒ C. Exhibit "C," Accounting Procedure.

☒ D. Exhibit "D," Insurance.

☒ E. Exhibit "E," Gas Balancing Agreement.

☐ F. Exhibit "F," Non-Discrimination and Certification of Non-Segregated Facilities.

☐ G. Exhibit "G," Tax Partnership.

☐ H. Other: _____

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If any provision of any exhibit, except Exhibit "E," is inconsistent with any provision contained in the body of this agreement, the provisions in the body of this agreement shall prevail.

ARTICLE III.
INTERESTS OF PARTIES

A. Oil and Gas Interests:

If any party owns an Oil and Gas Interest in the Contract Area, that interest shall be treated for all purposes of this agreement and during the term hereof as if it were covered by the form of Oil and Gas Lease attached hereto as Exhibit "B," and the owner thereof shall be deemed to own both royalty interest in such lease and the interest of the lessee thereunder.

B. Interests of Parties in Costs and Production:

Unless changed by other provisions, all costs and liabilities incurred in operations under this agreement shall be borne and paid, and all equipment and materials acquired in operations on the Contract Area shall be owned, by the parties as their interests are set forth in Exhibit "A." In the same manner, the parties shall also own all production of Oil and Gas from the Contract Area subject, however, to the payment of royalties and other burdens on production as described hereafter.

Regardless of which party has contributed any Oil and Gas Lease or Oil and Gas Interest on which royalty or other burdens may be payable and except as otherwise expressly provided in this agreement, each party shall pay or deliver, or cause to be paid or delivered, all burdens on its share of the production from the Contract Area up to, but not in excess of,

12.5% and shall indemnify, defend and hold the other parties free from any liability therefor.

Except as otherwise expressly provided in this agreement, if any party has contributed hereto any Lease or Interest which is burdened with any royalty, overriding royalty, production payment or other burden on production in excess of the amounts stipulated above, such party so burdened shall assume and alone bear all such excess obligations and shall indemnify, defend and hold the other parties hereto harmless from any and all claims attributable to such excess burden. However, so long as the Drilling Unit for the productive Zone(s) is identical with the Contract Area, each party shall pay or deliver, or cause to be paid or delivered, all burdens on production from the Contract Area due under the terms of the Oil and Gas Lease(s) which such party has contributed to this agreement, and shall indemnify, defend and hold the other parties free from any liability therefor.

No party shall ever be responsible, on a price basis higher than the price received by such party, to any other party's lessor or royalty owner, and if such other party's lessor or royalty owner should demand and receive settlement on a higher price basis, the party contributing the affected Lease shall bear the additional royalty burden attributable to such higher price.

Nothing contained in this Article III.B. shall be deemed an assignment or cross-assignment of interests covered hereby, and in the event two or more parties contribute to this agreement jointly owned Leases, the parties' undivided interests in said Leaseholds shall be deemed separate leasehold interests for the purposes of this agreement.

C. Subsequently Created Interests:

If any party has contributed hereto a Lease or Interest that is burdened with an assignment of production given as security for the payment of money, or if, after the date of this agreement, any party creates an overriding royalty, production payment, net profits interest, assignment of production or other burden payable out of production attributable to its working interest hereunder, such burden shall be deemed a "Subsequently Created Interest." Further, if any party has contributed hereto a Lease or Interest burdened with an overriding royalty, production payment, net profits interests, or other burden payable out of production created prior to the date of this agreement, and such burden is not shown on Exhibit "A," such burden also shall be deemed a Subsequently Created Interest to the extent such burden causes the burdens on such party's Lease or Interest to exceed the amount stipulated in Article III.B. above.

The party whose interest is burdened with the Subsequently Created Interest (the "Burdened Party") shall assume and alone bear, pay and discharge the Subsequently Created Interest and shall indemnify, defend and hold harmless the other parties from and against any liability therefor. Further, if the Burdened Party fails to pay, when due, its share of expenses chargeable hereunder, all provisions of Article VII.B. shall be enforceable against the Subsequently Created Interest in the same manner as they are enforceable against the working interest of the Burdened Party. If the Burdened Party is required under this agreement to assign or relinquish to any other party, or parties, all or a portion of its working interest and/or the production attributable thereto, said other party, or parties, shall receive said assignment and/or production free and clear of said Subsequently Created Interest, and the Burdened Party shall indemnify, defend and hold harmless said other party, or parties, from any and all claims and demands for payment asserted by owners of the Subsequently Created Interest.

ARTICLE IV.
TITLES

A. Title Examination:

Title examination shall be made on the Drillsite of any proposed well prior to commencement of drilling operations and, if a majority in interest of the Drilling Parties so request or Operator so elects, title examination shall be made on the entire Drilling Unit, or maximum anticipated Drilling Unit, of the well. The opinion will include the ownership of the working interest, minerals, royalty, overriding royalty and production payments under the applicable Leases. Each party contributing Leases and/or Oil and Gas Interests to be included in the Drillsite or Drilling Unit, if appropriate, shall furnish to Operator all abstracts (including federal lease status reports), title opinions, title papers and curative material in its possession free of charge. All such information not in the possession of or made available to Operator by the parties, but necessary for the examination of the title, shall be obtained by Operator. Operator shall cause title to be examined by attorneys on its staff or by outside attorneys. Copies of all title opinions shall be furnished to each Drilling Party. Costs incurred by Operator in procuring abstracts, fees paid outside attorneys for title examination (including preliminary, supplemental, shut-in royalty opinions and division order title opinions) and other direct charges as provided in Exhibit "C" shall be borne by the Drilling Parties in the proportion that the interest of each Drilling Party bears to the total interest of all Drilling Parties as such interests appear in Exhibit "A." Operator shall make no charge for services rendered by its staff attorneys or other personnel in the performance of the above functions.

Each party shall be responsible for securing curative matter and pooling amendments or agreements required in connection with Leases or Oil and Gas Interests contributed by such party. Operator shall be responsible for the preparation and recording of pooling designations or declarations and communitization agreements as well as the conduct of hearings before governmental agencies for the securing of spacing or pooling orders or any other orders necessary or appropriate to the conduct of operations hereunder. This shall not prevent any party from appearing on its own behalf at such hearings. Costs incurred by Operator, including fees paid to outside attorneys, which are associated with hearings before governmental agencies, and which costs are necessary and proper for the activities contemplated under this agreement, shall be direct charges to the joint account and shall not be covered by the administrative overhead charges as provided in Exhibit "C."

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1 Operator shall make no charge for services rendered by its staff attorneys or other personnel in the performance of the above
2 functions.

3 ~~No well shall be drilled on the Contract Area until after (1) the title to the Drillsite or Drilling Unit, if appropriate, has~~
4 ~~been examined as above provided, and (2) the title has been approved by the examining attorney or title has been accepted by~~
5 ~~all of the Drilling Parties in such well.~~

6 B. Loss or Failure of Title:

7 1. Failure of Title: Should any Oil and Gas Interest or Oil and Gas Lease be lost through failure of title, which results in a
8 reduction of interest from that shown on Exhibit "A," the party credited with contributing the affected Lease or Interest
9 (including, if applicable, a successor in interest to such party) shall have ninety (90) days from final determination of title
10 failure to acquire a new lease or other instrument curing the entirety of the title failure, which acquisition will not be subject
11 to Article VIII.B., and failing to do so, this agreement, nevertheless, shall continue in force as to all remaining Oil and Gas
12 Leases and Interests; and,

13 (a) The party credited with contributing the Oil and Gas Lease or Interest affected by the title failure (including, if
14 applicable, a successor in interest to such party) shall bear alone the entire loss and it shall not be entitled to recover from
15 Operator or the other parties any development or operating costs which it may have previously paid or incurred, but there
16 shall be no additional liability on its part to the other parties hereto by reason of such title failure;

17 (b) There shall be no retroactive adjustment of expenses incurred or revenues received from the operation of the
18 Lease or Interest which has failed, but the interests of the parties contained on Exhibit "A" shall be revised on an acreage
19 basis, as of the time it is determined finally that title failure has occurred, so that the interest of the party whose Lease or
20 Interest is affected by the title failure will thereafter be reduced in the Contract Area by the amount of the Lease or Interest failed;

21 (c) If the proportionate interest of the other parties hereto in any producing well previously drilled on the Contract
22 Area is increased by reason of the title failure, the party who bore the costs incurred in connection with such well attributable
23 to the Lease or Interest which has failed shall receive the proceeds attributable to the increase in such interest (less costs and
24 burdens attributable thereto) until it has been reimbursed for unrecovered costs paid by it in connection with such well
25 attributable to such failed Lease or Interest;

26 (d) Should any person not a party to this agreement, who is determined to be the owner of any Lease or Interest
27 which has failed, pay in any manner any part of the cost of operation, development, or equipment, such amount shall be paid
28 to the party or parties who bore the costs which are so refunded;

29 (e) Any liability to account to a person not a party to this agreement for prior production of Oil and Gas which arises
30 by reason of title failure shall be borne severally by each party (including a predecessor to a current party) who received
31 production for which such accounting is required based on the amount of such production received, and each such party shall
32 severally indemnify, defend and hold harmless all other parties hereto for any such liability to account;

33 (f) No charge shall be made to the joint account for legal expenses, fees or salaries in connection with the defense of
34 the Lease or Interest claimed to have failed, but if the party contributing such Lease or Interest hereto elects to defend its title
35 it shall bear all expenses in connection therewith; and

36 (g) If any party is given credit on Exhibit "A" to a Lease or Interest which is limited solely to ownership of an
37 interest in the wellbore of any well or wells and the production therefrom, such party's absence of interest in the remainder
38 of the Contract Area shall be considered a Failure of Title as to such remaining Contract Area unless that absence of interest
39 is reflected on Exhibit "A."

40 2. Loss by Non-Payment or Erroneous Payment of Amount Due: If, through mistake or oversight, any rental, shut-in well
41 payment, minimum royalty or royalty payment, or other payment necessary to maintain all or a portion of an Oil and Gas
42 Lease or interest is not paid or is erroneously paid, and as a result a Lease or Interest terminates, there shall be no monetary
43 liability against the party who failed to make such payment. Unless the party who failed to make the required payment
44 secures a new Lease or Interest covering the same interest within ninety (90) days from the discovery of the failure to make
45 proper payment, which acquisition will not be subject to Article VIII.B., the interests of the parties reflected on Exhibit "A"
46 shall be revised on an acreage basis, effective as of the date of termination of the Lease or Interest involved, and the party
47 who failed to make proper payment will no longer be credited with an interest in the Contract Area on account of ownership
48 of the Lease or Interest which has terminated. If the party who failed to make the required payment shall not have been fully
49 reimbursed, at the time of the loss, from the proceeds of the sale of Oil and Gas attributable to the lost Lease or Interest,
50 calculated on an acreage basis, for the development and operating costs previously paid on account of such Lease or Interest,
51 it shall be reimbursed for unrecovered actual costs previously paid by it (but not for its share of the cost of any dry hole
52 previously drilled or wells previously abandoned) from so much of the following as is necessary to effect reimbursement:

53 (a) Proceeds of Oil and Gas produced prior to termination of the Lease or Interest, less operating expenses and lease
54 burdens chargeable hereunder to the person who failed to make payment, previously accrued to the credit of the lost Lease or
55 Interest, on an acreage basis, up to the amount of unrecovered costs;

56 (b) Proceeds of Oil and Gas, less operating expenses and lease burdens chargeable hereunder to the person who failed
57 to make payment, up to the amount of unrecovered costs attributable to that portion of Oil and Gas thereafter produced and
58 marketed (excluding production from any wells thereafter drilled) which, in the absence of such Lease or Interest termination,
59 would be attributable to the lost Lease or Interest on an acreage basis and which as a result of such Lease or Interest
60 termination is credited to other parties, the proceeds of said portion of the Oil and Gas to be contributed by the other parties
61 in proportion to their respective interests reflected on Exhibit "A"; and,

62 (c) Any monies, up to the amount of unrecovered costs, that may be paid by any party who is, or becomes, the owner
63 of the Lease or Interest lost, for the privilege of participating in the Contract Area or becoming a party to this agreement.

64 3. Other Losses: All losses of Leases or Interests committed to this agreement, other than those set forth in Articles
65 IV.B.1. and IV.B.2. above, shall be joint losses and shall be borne by all parties in proportion to their interests shown on
66 Exhibit "A." This shall include but not be limited to the loss of any Lease or Interest through failure to develop or because
67 express or implied covenants have not been performed (other than performance which requires only the payment of money),
68 and the loss of any Lease by expiration at the end of its primary term if it is not renewed or extended. There shall be no
69 readjustment of interests in the remaining portion of the Contract Area on account of any joint loss.

70 4. Curing Title: In the event of a Failure of Title under Article IV.B.1. or a loss of title under Article IV.B.2. above, any
71 Lease or Interest acquired by any party hereto (other than the party whose interest has failed or was lost during the ninety
72 (90) day period provided by Article IV.B.1. and Article IV.B.2. above) covering all or a portion of the interest that has failed
73 or was lost shall be offered at cost to the party whose interest has failed or was lost, ~~and the provisions of Article XVI.K-~~
74 ~~shall not apply to such acquisition unless the party whose interest has failed or was lost, elects not to acquire the Lease or Interest.~~

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ARTICLE V.

OPERATOR

A. Designation and Responsibilities of Operator:

Newfield Production Company shall be the Operator of the Contract Area, and shall conduct and direct and have full control of all operations on the Contract Area as permitted and required by, and within the limits of this agreement. In its performance of services hereunder for the Non-Operators, Operator shall be an independent contractor not subject to the control or direction of the Non-Operators except as to the type of operation to be undertaken in accordance with the election procedures contained in this agreement. Operator shall not be deemed, or hold itself out as, the agent of the Non-Operators with authority to bind them to any obligation or liability assumed or incurred by Operator as to any third party. Operator shall conduct its activities under this agreement as a reasonable prudent operator, in a good and workmanlike manner, with due diligence and dispatch, in accordance with good oilfield practice, and in compliance with applicable law and regulation, but in no event shall it have any liability as Operator to the other parties for losses sustained or liabilities incurred except such as may result from gross negligence or willful misconduct.

B. Resignation or Removal of Operator and Selection of Successor:

1. Resignation or Removal of Operator: Operator may resign at any time by giving written notice thereof to Non-Operators. If Operator terminates its legal existence, no longer owns an interest hereunder in the Contract Area, or is no longer capable of serving as Operator, Operator shall be deemed to have resigned without any action by Non-Operators, except the selection of a successor. Operator may be removed only for good cause by the affirmative vote of Non-Operators owning a majority interest based on ownership as shown on Exhibit "A" remaining after excluding the voting interest of Operator; such vote shall not be deemed effective until a written notice has been delivered to the Operator by a Non-Operator detailing the alleged default and Operator has failed to cure the default within thirty (30) days from its receipt of the notice or, if the default concerns an operation then being conducted, within forty-eight (48) hours of its receipt of the notice. For purposes hereof, "good cause" shall mean not only gross negligence or willful misconduct but also the material breach of or inability to meet the standards of operation contained in Article V.A. or material failure or inability to perform its obligations under this agreement.

Subject to Article VII.D.1., such resignation or removal shall not become effective until 7:00 o'clock A.M. on the first day of the calendar month following the expiration of ninety (90) days after the giving of notice of resignation by Operator or action by the Non-Operators to remove Operator, unless a successor Operator has been selected and assumes the duties of Operator at an earlier date. Operator, after effective date of resignation or removal, shall be bound by the terms hereof as a Non-Operator. A change of a corporate name or structure of Operator or transfer of Operator's interest to any single subsidiary, parent or successor corporation shall not be the basis for removal of Operator.

2. Selection of Successor Operator: Upon the resignation or removal of Operator under any provision of this agreement, a successor Operator shall be selected by the parties. The successor Operator shall be selected from the parties owning an interest in the Contract Area at the time such successor Operator is selected. The successor Operator shall be selected by the affirmative vote of two (2) or more parties/ owning a majority interest based on ownership as shown on Exhibit "A"; provided, however, if an Operator which has been removed or is deemed to have resigned fails to vote or votes only to succeed itself, the successor Operator shall be selected by the affirmative vote of the party or parties owning a majority interest based on ownership as shown on Exhibit "A" remaining after excluding the voting interest of the Operator that was removed or resigned. The former Operator shall promptly deliver to the successor Operator all records and data relating to the operations conducted by the former Operator to the extent such records and data are not already in the possession of the successor operator. Any cost of obtaining or copying the former Operator's records and data shall be charged to the joint account.

3. Effect of Bankruptcy: If Operator becomes insolvent, bankrupt or is placed in receivership, it shall be deemed to have resigned without any action by Non-Operators, except the selection of a successor. If a petition for relief under the federal bankruptcy laws is filed by or against Operator, and the removal of Operator is prevented by the federal bankruptcy court, all Non-Operators and Operator shall comprise an interim operating committee to serve until Operator has elected to reject or assume this agreement pursuant to the Bankruptcy Code, and an election to reject this agreement by Operator as a debtor in possession, or by a trustee in bankruptcy, shall be deemed a resignation as Operator without any action by Non-Operators, except the selection of a successor. During the period of time the operating committee controls operations, all actions shall require the approval of two (2) or more parties owning a majority interest based on ownership as shown on Exhibit "A." In the event there are only two (2) parties to this agreement, during the period of time the operating committee controls operations, a third party acceptable to Operator, Non-Operator and the federal bankruptcy court shall be selected as a member of the operating committee, and all actions shall require the approval of two (2) members of the operating committee without regard for their interest in the Contract Area based on Exhibit "A."

C. Employees and Contractors:

The number of employees or contractors used by Operator in conducting operations hereunder, their selection, and the hours of labor and the compensation for services performed shall be determined Operator, and all such employees or contractors shall be the employees or contractors of Operator.

D. Rights and Duties of Operator:

1. Competitive Rates and Use of Affiliates: All wells drilled on the Contract Area shall be drilled on a competitive contract basis at the usual rates prevailing in the area. If it so desires, Operator may employ its own tools and equipment in the drilling of wells, but its charges therefor shall not exceed the prevailing rates in the area and the rate of such charges shall be agreed upon by the parties in writing before drilling operations are commenced, and such work shall be performed by Operator under the same terms and conditions as are customary and usual in the area in contracts of independent contractors who are doing work of a similar nature. All work performed or materials supplied by affiliates or related parties of Operator shall be performed or supplied at competitive rates, pursuant to written agreement, and in accordance with customs and standards prevailing in the industry.

2. Discharge of Joint Account Obligations: Except as herein otherwise specifically provided, Operator shall promptly pay and discharge expenses incurred in the development and operation of the Contract Area pursuant to this agreement and shall charge each of the parties hereto with their respective proportionate shares upon the expense basis provided in Exhibit "C." Operator shall keep an accurate record of the joint account hereunder, showing expenses incurred and charges and credits made and received.

3. Protection from Liens: Operator shall pay, or cause to be paid, as and when they become due and payable, all accounts of contractors and suppliers and wages and salaries for services rendered or performed, and for materials supplied on, to or in respect of the Contract Area or any operations for the joint account thereof, and shall keep the Contract Area free from

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1 liens and encumbrances resulting therefrom except for those resulting from a bona fide dispute as to services rendered or
2 materials supplied.

3 4. Custody of Funds: Operator shall hold for the account of the Non-Operators any funds of the Non-Operators advanced
4 or paid to the Operator, either for the conduct of operations hereunder or as a result of the sale of production from the
5 Contract Area, and such funds shall remain the funds of the Non-Operators on whose account they are advanced or paid until
6 used for their intended purpose or otherwise delivered to the Non-Operators or applied toward the payment of debts as
7 provided in Article VII.B. Nothing in this paragraph shall be construed to establish a fiduciary relationship between Operator
8 and Non-Operators for any purpose other than to account for Non-Operator funds as herein specifically provided. Nothing in
9 this paragraph shall require the maintenance by Operator of separate accounts for the funds of Non-Operators unless the
10 parties otherwise specifically agree.

11 5. Access to Contract Area and Records: Operator shall, except as otherwise provided herein, permit each Non-Operator
12 or its duly authorized representative, at the Non-Operator's sole risk and cost, full and free access at all reasonable times to
13 all operations of every kind and character being conducted for the joint account on the Contract Area and to the records of
14 operations conducted thereon or production therefrom, including Operator's books and records relating thereto. Such access
15 rights shall not be exercised in a manner interfering with Operator's conduct of an operation hereunder and shall not obligate
16 Operator to furnish any geologic or geophysical data of an interpretive nature unless the cost of preparation of such
17 interpretive data was charged to the joint account. Operator will furnish to each Non-Operator upon request copies of any
18 and all reports and information obtained by Operator in connection with production and related items, including, without
19 limitation, meter and chart reports, production purchaser statements, run tickets and monthly gauge reports, but excluding
20 purchase contracts and pricing information to the extent not applicable to the production of the Non-Operator seeking the
21 information. Any audit of Operator's records relating to amounts expended and the appropriateness of such expenditures
22 shall be conducted in accordance with the audit protocol specified in Exhibit "C."

23 6. Filing and Furnishing Governmental Reports: Operator will file, and upon written request promptly furnish copies to
24 each requesting Non-Operator not in default of its payment obligations, all operational notices, reports or applications
25 required to be filed by local, State, Federal or Indian agencies or authorities having jurisdiction over operations hereunder.
26 Each Non-Operator shall provide to Operator on a timely basis all information necessary to Operator to make such filings.

27 7. Drilling and Testing Operations: The following provisions shall apply to each well drilled/ hereunder, including but not
28 limited to the Initial Well:

29 (a) Operator will promptly advise Non-Operators of the date on which the well is spudded, or the date on which
30 drilling operations are commenced.

31 (b) Operator will send to Non-Operators/ such reports, test results and notices regarding the progress of operations on the well
32 as the Non-Operators shall reasonably request, including, but not limited to, daily drilling reports, completion reports, and well logs.

33 (c) Operator shall adequately test all Zones encountered which may reasonably be expected to be capable of producing
34 Oil and Gas in paying quantities as a result of examination of the electric log or any other logs or cores or tests conducted
35 hereunder.

36 8. Cost Estimates: Upon request of any Consenting Party, Operator shall furnish estimates of current and cumulative costs
37 incurred for the joint account at reasonable intervals during the conduct of any operation pursuant to this agreement.
38 Operator shall not be held liable for errors in such estimates so long as the estimates are made in good faith.

39 9. Insurance: At all times while operations are conducted hereunder, Operator shall comply with the workers
40 compensation law of the state where the operations are being conducted; provided, however, that Operator may be a self-
41 insurer for liability under said compensation laws in which event the only charge that shall be made to the joint account shall
42 be as provided in Exhibit "C." Operator shall also carry or provide insurance for the benefit of the joint account of the parties
43 as outlined in Exhibit "D" attached hereto and made a part hereof. Operator shall require all contractors engaged in work on
44 or for the Contract Area to comply with the workers compensation law of the state where the operations are being conducted
45 and to maintain such other insurance as Operator may require.

46 In the event automobile liability insurance is specified in said Exhibit "D," or subsequently receives the approval of the
47 parties, no direct charge shall be made by Operator for premiums paid for such insurance for Operator's automotive
48 equipment.

ARTICLE VI.

DRILLING AND DEVELOPMENT

A. Initial Well

52 On or before the _____ day of _____, Operator shall commence the drilling of the Initial
53 Well at the following location:

56 and shall thereafter continue the drilling of the well with due diligence to

58 The drilling of the Initial Well and the participation therein by all parties is obligatory, subject to Article VI.C.1. as to participation
59 in Completion operations and Article VII.F. as to termination of operations and Article XI as to occurrence of force majeure.

B. Subsequent Operations

61 1. Proposed Operations: If any party hereto should desire to drill any well on the Contract Area other than the Initial Well, or
62 if any party should desire to Rework, Sidetrack, Deepen, Recomplete or Plug Back a dry hole or a well no longer capable of
63 producing in paying quantities in which such party has not otherwise relinquished its interest in the proposed objective Zone under
64 this agreement, the party desiring to drill, Rework, Sidetrack, Deepen, Recomplete or Plug Back such a well shall give written
65 notice of the proposed operation to the parties who have not otherwise relinquished their interest in such objective Zone
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1 under this agreement and to all other parties in the case of a proposal for Sidetracking or Deepening, specifying the work to be
2 performed, the location, proposed depth, objective Zone and the estimated cost of the operation. The parties to whom such a
3 notice is delivered shall have thirty (30) days after receipt of the notice within which to notify the party proposing to do the work
4 whether they elect to participate in the cost of the proposed operation. If a drilling rig is on location, notice of a proposal to
5 Rework, Sidetrack, Recomplete, Plug Back or Deepen may be given by telephone and the response period shall be limited to forty-
6 eight (48) hours, exclusive of Saturday, Sunday and legal holidays. Failure of a party to whom such notice is delivered to reply
7 within the period above fixed shall constitute an election by that party not to participate in the cost of the proposed operation.
8 Any proposal by a party to conduct an operation conflicting with the operation initially proposed shall be delivered to all parties
9 within the time and in the manner provided in Article VI.B.6.

10 If all parties to whom such notice is delivered elect to participate in such a proposed operation, the parties shall be
11 contractually committed to participate therein provided such operations are commenced within the time period hereafter set
12 forth, and Operator shall, no later than ninety (90) days after expiration of the notice period of thirty (30) days (or as
13 promptly as practicable after the expiration of the forty-eight (48) hour period when a drilling rig is on location, as the case
14 may be), actually commence the proposed operation and thereafter complete it with due diligence at the risk and expense of
15 the parties participating therein; provided, however, said commencement date may be extended upon written notice of same
16 by Operator to the other parties, for a period of up to thirty (30) additional days if, in the sole opinion of Operator, such
17 additional time is reasonably necessary to obtain permits from governmental authorities, surface rights (including rights-of-
18 way) or appropriate drilling equipment, or to complete title examination or curative matter required for title approval or
19 acceptance. If the actual operation has not been commenced within the time provided (including any extension thereof as
20 specifically permitted herein or in the force majeure provisions of Article XI) and if any party hereto still desires to conduct
21 said operation, written notice proposing same must be resubmitted to the other parties in accordance herewith as if no prior
22 proposal had been made. Those parties that did not participate in the drilling of a well for which a proposal to Deepen or
23 Sidetrack is made hereunder shall, if such parties desire to participate in the proposed Deepening or Sidetracking operation,
24 reimburse the Drilling Parties in accordance with Article VI.B.4. in the event of a Deepening operation and in accordance
25 with Article VI.B.5. in the event of a Sidetracking operation.

2. Operations by Less Than All Parties:

26 (a) Determination of Participation. If any party to whom such notice is delivered as provided in Article VI.B.1. or
27 VI.C.1. (Option No. 2) elects not to participate in the proposed operation, then, in order to be entitled to the benefits of this
28 Article, the party or parties giving the notice and such other parties as shall elect to participate in the operation shall, no
29 later than ninety (90) days after the expiration of the notice period of thirty (30) days (or as promptly as practicable after the
30 expiration of the forty-eight (48) hour period when a drilling rig is on location, as the case may be) actually commence the
31 proposed operation and complete it with due diligence. Operator shall perform all work for the account of the Consenting
32 Parties; provided, however, if no drilling rig or other equipment is on location, and if Operator is a Non-Consenting Party,
33 the Consenting Parties shall either: (i) request Operator to perform the work required by such proposed operation for the
34 account of the Consenting Parties, or (ii) designate one of the Consenting Parties as Operator to perform such work. The
35 rights and duties granted to and imposed upon the Operator under this agreement are granted to and imposed upon the party
36 designated as Operator for an operation in which the original Operator is a Non-Consenting Party. Consenting Parties, when
37 conducting operations on the Contract Area pursuant to this Article VI.B.2., shall comply with all terms and conditions of this
38 agreement.

39 If less than all parties approve any proposed operation, the proposing party, immediately after the expiration of the
40 applicable notice period, shall advise all Parties of the total interest of the parties approving such operation and its
41 recommendation as to whether the Consenting Parties should proceed with the operation as proposed. Each Consenting Party,
42 within forty-eight (48) hours (exclusive of Saturday, Sunday, and legal holidays) after delivery of such notice, shall advise the
43 proposing party of its desire to (i) limit participation to such party's interest as shown on Exhibit "A" or (ii) carry only its
44 proportionate part (determined by dividing such party's interest in the Contract Area by the interests of all Consenting Parties in
45 the Contract Area) of Non-Consenting Parties' interests, or (iii) carry its proportionate part (determined as provided in (ii)) of
46 Non-Consenting Parties' interests together with all or a portion of its proportionate part of any Non-Consenting Parties'
47 interests that any Consenting Party did not elect to take. Any interest of Non-Consenting Parties that is not carried by a
48 Consenting Party shall be deemed to be carried by the party proposing the operation if such party does not withdraw its
49 proposal. Failure to advise the proposing party within the time required shall be deemed an election under (i). In the event a
50 drilling rig is on location, notice may be given by telephone, and the time permitted for such a response shall not exceed a
51 total of forty-eight (48) hours (exclusive of Saturday, Sunday and legal holidays). The proposing party, at its election, may
52 withdraw such proposal if there is less than 100% participation and shall notify all parties of such decision within ten (10)
53 days, or within twenty-four (24) hours if a drilling rig is on location, following expiration of the applicable response period.
54 If 100% subscription to the proposed operation is obtained, the proposing party shall promptly notify the Consenting Parties
55 of their proportionate interests in the operation and the party serving as Operator shall commence such operation within the
56 period provided in Article VI.B.1., subject to the same extension right as provided therein.

57 (b) Relinquishment of Interest for Non-Participation. The entire cost and risk of conducting such operations shall be
58 borne by the Consenting Parties in the proportions they have elected to bear same under the terms of the preceding
59 paragraph. Consenting Parties shall keep the leasehold estates involved in such operations free and clear of all liens and
60 encumbrances of every kind created by or arising from the operations of the Consenting Parties. If such an operation results
61 in a dry hole, then subject to Articles VI.B.6. and VI.E.3., the Consenting Parties shall plug and abandon the well and restore
62 the surface location at their sole cost, risk and expense; provided, however, that those Non-Consenting Parties that
63 participated in the drilling, Deepening or Sidetracking of the well shall remain liable for, and shall pay, their proportionate
64 shares of the cost of plugging and abandoning the well and restoring the surface location insofar only as those costs were not
65 increased by the subsequent operations of the Consenting Parties. If any well drilled, Reworked, Sidetracked, Deepened,
66 Recompleted or Plugged Back under the provisions of this Article results in a well capable of producing Oil and/or Gas in
67 paying quantities, the Consenting Parties shall Complete and equip the well to produce at their sole cost and risk, and the
68 well shall then be turned over to Operator (if the Operator did not conduct the operation) and shall be operated by it at the
69 expense and for the account of the Consenting Parties. Upon commencement of operations for the drilling, Reworking,
70 Sidetracking, Recompleting, Deepening or Plugging Back of any such well by Consenting Parties in accordance with the
71 provisions of this Article, each Non-Consenting Party shall be deemed to have relinquished to Consenting Parties, and the
72 Consenting Parties shall own and be entitled to receive, in proportion to their respective interests, all of such Non-
73 Consenting Party's interest in the well and share of production therefrom or, in the case of a Reworking, Sidetracking,

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1 Deepening, Recompleting or Plugging Back, or a Completion pursuant to Article VI.C.1. Option No. 2, all of such Non-
 2 Consenting Party's interest in the production obtained from the operation in which the Non-Consenting Party did not elect
 3 to participate. Such relinquishment shall be effective until the proceeds of the sale of such share, calculated at the well, or
 4 market value thereof if such share is not sold (after deducting applicable ad valorem, production, severance, and excise taxes,
 5 royalty, overriding royalty and other interests not excepted by Article III.C. payable out of or measured by the production
 6 from such well accruing with respect to such interest until it reverts), shall equal the total of the following:

7 (i) 100 % of each such Non-Consenting Party's share of the cost of any newly acquired surface equipment
 8 beyond the wellhead connections (including but not limited to stock tanks, separators, treaters, pumping equipment and
 9 piping), plus 100% of each such Non-Consenting Party's share of the cost of operation of the well commencing with first
 10 production and continuing until each such Non-Consenting Party's relinquished interest shall revert to it under other
 11 provisions of this Article, it being agreed that each Non-Consenting Party's share of such costs and equipment will be that
 12 interest which would have been chargeable to such Non-Consenting Party had it participated in the well from the beginning
 13 of the operations; and

14 (ii) 300 % of (a) that portion of the costs and expenses of drilling, Reworking, Sidetracking, Deepening,
 15 Plugging Back, testing, Completing, and Recompleting, after deducting any cash contributions received under Article VIII.C.,
 16 and of (b) that portion of the cost of newly acquired equipment in the well (to and including the wellhead connections),
 17 which would have been chargeable to such Non-Consenting Party if it had participated therein.

18 Notwithstanding anything to the contrary in this Article VI.B., if the well does not reach the deepest objective Zone
 19 described in the notice proposing the well for reasons other than the encountering of granite or practically impenetrable
 20 substance or other condition in the hole rendering further operations impracticable, Operator shall give notice thereof to each
 21 Non-Consenting Party who submitted or voted for an alternative proposal under Article VI.B.6. to drill the well to a
 22 shallower Zone than the deepest objective Zone proposed in the notice under which the well was drilled, and each such Non-
 23 Consenting Party shall have the option to participate in the initial proposed Completion of the well by paying its share of the
 24 cost of drilling the well to its actual depth, calculated in the manner provided in Article VI.B.4. (a). If any such Non-
 25 Consenting Party does not elect to participate in the first Completion proposed for such well, the relinquishment provisions
 26 of this Article VI.B.2. (b) shall apply to such party's interest.

27 (c) Reworking, Recompleting or Plugging Back. An election not to participate in the drilling, Sidetracking or
 28 Deepening of a well shall be deemed an election not to participate in any Reworking or Plugging Back operation proposed in
 29 such a well, or portion thereof, to which the initial non-consent election applied that is conducted at any time prior to full
 30 recovery by the Consenting Parties of the Non-Consenting Party's recoupment amount. Similarly, an election not to
 31 participate in the Completing or Recompleting of a well shall be deemed an election not to participate in any Reworking
 32 operation proposed in such a well, or portion thereof, to which the initial non-consent election applied that is conducted at
 33 any time prior to full recovery by the Consenting Parties of the Non-Consenting Party's recoupment amount. Any such
 34 Reworking, Recompleting or Plugging Back operation conducted during the recoupment period shall be deemed part of the
 35 cost of operation of said well and there shall be added to the sums to be recouped by the Consenting Parties 100 % of
 36 that portion of the costs of the Reworking, Recompleting or Plugging Back operation which would have been chargeable to
 37 such Non-Consenting Party had it participated therein. If such a Reworking, Recompleting or Plugging Back operation is
 38 proposed during such recoupment period, the provisions of this Article VI.B. shall be applicable as between said Consenting
 39 Parties in said well.

40 (d) Recoupment Matters. During the period of time Consenting Parties are entitled to receive Non-Consenting Party's
 41 share of production, or the proceeds therefrom, Consenting Parties shall be responsible for the payment of all ad valorem,
 42 production, severance, excise, gathering and other taxes, and all royalty, overriding royalty and other burdens applicable to
 43 Non-Consenting Party's share of production not excepted by Article III.C.

44 In the case of any Reworking, Sidetracking, Plugging Back, Recompleting or Deepening operation, the Consenting
 45 Parties shall be permitted to use, free of cost, all casing, tubing and other equipment in the well, but the ownership of all
 46 such equipment shall remain unchanged; and upon abandonment of a well after such Reworking, Sidetracking, Plugging Back,
 47 Recompleting or Deepening, the Consenting Parties shall account for all such equipment to the owners thereof, with each
 48 party receiving its proportionate part in kind or in value, less cost of salvage.

49 Within ninety (90) days after the completion of any operation under this Article, the party conducting the operations
 50 for the Consenting Parties shall furnish each Non-Consenting Party with an inventory of the equipment in and connected to
 51 the well, and an itemized statement of the cost of drilling, Sidetracking, Deepening, Plugging Back, testing, Completing,
 52 Recompleting, and equipping the well for production; or, at its option, the operating party, in lieu of an itemized statement
 53 of such costs of operation, may submit a detailed statement of monthly billings. Each ^{quarter} month thereafter, during the time the
 54 Consenting Parties are being reimbursed as provided above, the party conducting the operations for the Consenting Parties
 55 shall furnish the Non-Consenting Parties with an itemized statement of all costs and liabilities incurred in the operation of
 56 the well, together with a statement of the quantity of Oil and Gas produced from it and the amount of proceeds realized from
 57 the sale of the well's working interest production during the preceding ^{quarter} month. In determining the quantity of Oil and Gas
 58 produced during any month, Consenting Parties shall use industry accepted methods such as but not limited to metering or
 59 periodic well tests. Any amount realized from the sale or other disposition of equipment newly acquired in connection with
 60 any such operation which would have been owned by a Non-Consenting Party had it participated therein shall be credited
 61 against the total unreturned costs of the work done and of the equipment purchased in determining when the interest of such
 62 Non-Consenting Party shall revert to it as above provided; and if there is a credit balance, it shall be paid to such Non-
 63 Consenting Party.

64 If and when the Consenting Parties recover from a Non-Consenting Party's relinquished interest the amounts provided
 65 for above, the relinquished interests of such Non-Consenting Party shall automatically revert to it as of 7:00 a.m. on the day
 66 following the day on which such recoupment occurs, and, from and after such reversion, such Non-Consenting Party shall
 67 own the same interest in such well, the material and equipment in or pertaining thereto, and the production therefrom as
 68 such Non-Consenting Party would have been entitled to had it participated in the drilling, Sidetracking, Reworking,
 69 Deepening, Recompleting or Plugging Back of said well. Thereafter, such Non-Consenting Party shall be charged with and
 70 shall pay its proportionate part of the further costs of the operation of said well in accordance with the terms of this
 71 agreement and Exhibit "C" attached hereto.

72 3. Stand-By Costs: When a well which has been drilled or Deepened has reached its authorized depth and all tests have
 73 been completed and the results thereof furnished to the parties, or when operations on the well have been otherwise
 74 terminated pursuant to Article VI.F., stand-by costs incurred pending response to a party's notice proposing a Reworking,

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1 Sidetracking, Deepening, Recompleting, Plugging Back or Completing operation in such a well (including the period required
2 under Article VLB.6. to resolve competing proposals) shall be charged and borne as part of the drilling or Deepening
3 operation just completed. Stand-by costs subsequent to all parties responding, or expiration of the response time permitted,
4 whichever first occurs, and prior to agreement as to the participating interests of all Consenting Parties pursuant to the terms
5 of the second grammatical paragraph of Article VLB.2. (a), shall be charged to and borne as part of the proposed operation,
6 but if the proposal is subsequently withdrawn because of insufficient participation, such stand-by costs shall be allocated
7 between the Consenting Parties in the proportion each Consenting Party's interest as shown on Exhibit "A" bears to the total
8 interest as shown on Exhibit "A" of all Consenting Parties.

9 In the event that notice for a Sidetracking operation is given while the drilling rig to be utilized is on location, any party
10 may request and receive up to five (5) additional days after expiration of the forty-eight hour response period specified in
11 Article VLB.1., within which to respond by paying for all stand-by costs and other costs incurred during such extended
12 response period; Operator may require such party to pay the estimated stand-by time in advance as a condition to extending
13 the response period. If more than one party elects to take such additional time to respond to the notice, standby costs shall be
14 allocated between the parties taking additional time to respond on a day-to-day basis in the proportion each electing party's
15 interest as shown on Exhibit "A" bears to the total interest as shown on Exhibit "A" of all the electing parties.

16 4. Deepening: If less than all parties elect to participate in a drilling, Sidetracking, or Deepening operation proposed
17 pursuant to Article VLB.1., the interest relinquished by the Non-Consenting Parties to the Consenting Parties under Article
18 VLB.2. shall relate only and be limited to the lesser of (i) the total depth actually drilled or (ii) the objective depth or Zone
19 of which the parties were given notice under Article VLB.1. ("Initial Objective"). Such well shall not be Deepened beyond the
20 Initial Objective without first complying with this Article to afford the Non-Consenting Parties the opportunity to participate
21 in the Deepening operation.

22 In the event any Consenting Party desires to drill or Deepen a Non-Consent Well to a depth below the Initial Objective,
23 such party shall give notice thereof, complying with the requirements of Article VLB.1., to all parties (including Non-
24 Consenting Parties). Thereupon, Articles VLB.1. and 2. shall apply and all parties receiving such notice shall have the right to
25 participate or not participate in the Deepening of such well pursuant to said Articles VLB.1. and 2. If a Deepening operation
26 is approved pursuant to such provisions, and if any Non-Consenting Party elects to participate in the Deepening operation,
27 such Non-Consenting party shall pay or make reimbursement (as the case may be) of the following costs and expenses.

28 (a) If the proposal to Deepen is made prior to the Completion of such well as a well capable of producing in paying
29 quantities, such Non-Consenting Party shall pay (or reimburse Consenting Parties for, as the case may be) that share of costs
30 and expenses incurred in connection with the drilling of said well from the surface to the Initial Objective which Non-
31 Consenting Party would have paid had such Non-Consenting Party agreed to participate therein, plus the Non-Consenting
32 Party's share of the cost of Deepening and of participating in any further operations on the well in accordance with the other
33 provisions of this Agreement; provided, however, all costs for testing and Completion or attempted Completion of the well
34 incurred by Consenting Parties prior to the point of actual operations to Deepen beyond the Initial Objective shall be for the
35 sole account of Consenting Parties.

36 (b) If the proposal is made for a Non-Consent Well that has been previously Completed as a well capable of producing
37 in paying quantities, but is no longer capable of producing in paying quantities, such Non-Consenting Party shall pay (or
38 reimburse Consenting Parties for, as the case may be) its proportionate share of all costs of drilling, Completing, and
39 equipping said well from the surface to the Initial Objective, calculated in the manner provided in paragraph (a) above, less
40 those costs recouped by the Consenting Parties from the sale of production from the well. The Non-Consenting Party shall
41 also pay its proportionate share of all costs of re-entering said well. The Non-Consenting Parties' proportionate part (based
42 on the percentage of such well Non-Consenting Party would have owned had it previously participated in such Non-Consent
43 Well) of the costs of salvable materials and equipment remaining in the hole and salvable surface equipment used in
44 connection with such well shall be determined in accordance with Exhibit "C." If the Consenting Parties have recouped the
45 cost of drilling, Completing, and equipping the well at the time such Deepening operation is conducted, then a Non-
46 Consenting Party may participate in the Deepening of the well with no payment for costs incurred prior to re-entering the
47 well for Deepening.

48 The foregoing shall not imply a right of any Consenting Party to propose any Deepening for a Non-Consent Well prior
49 to the drilling of such well to its Initial Objective without the consent of the other Consenting Parties as provided in Article
50 VLB.

51 5. Sidetracking: Any party having the right to participate in a proposed Sidetracking operation that does not own an
52 interest in the affected wellbore at the time of the notice shall, upon electing to participate, tender to the wellbore owners its
53 proportionate share (equal to its interest in the Sidetracking operation) of the value of that portion of the existing wellbore
54 to be utilized as follows:

55 (a) If the proposal is for Sidetracking an existing dry hole, reimbursement shall be on the basis of the actual costs
56 incurred in the initial drilling of the well down to the depth at which the Sidetracking operation is initiated.

57 (b) If the proposal is for Sidetracking a well which has previously produced, reimbursement shall be on the basis of
58 such party's proportionate share of drilling and equipping costs incurred in the initial drilling of the well down to the depth
59 at which the Sidetracking operation is conducted, calculated in the manner described in Article VLB.4(b) above. Such party's
60 proportionate share of the cost of the well's salvable materials and equipment down to the depth at which the Sidetracking
61 operation is initiated shall be determined in accordance with the provisions of Exhibit "C."

62 6. Order of Preference of Operations. Except as otherwise specifically provided in this agreement, if any party desires to
63 propose the conduct of an operation that conflicts with a proposal that has been made by a party under this Article VI, such
64 party shall have fifteen (15) days from delivery of the initial proposal, in the case of a proposal to drill a well or to perform
65 an operation on a well where no drilling rig is on location, or twenty-four (24) hours, exclusive of Saturday, Sunday and legal
66 holidays, from delivery of the initial proposal, if a drilling rig is on location for the well on which such operation is to be
67 conducted, to deliver to all parties entitled to participate in the proposed operation such party's alternative proposal, such
68 alternate proposal to contain the same information required to be included in the initial proposal. Each party receiving such
69 proposals shall elect by delivery of notice to Operator within five (5) days after expiration of the proposal period, or within
70 twenty-four (24) hours (exclusive of Saturday, Sunday and legal holidays) if a drilling rig is on location for the well that is the
71 subject of the proposals, to participate in one of the competing proposals. Any party not electing within the time required
72 shall be deemed not to have voted. The proposal receiving the vote of parties owning the largest aggregate percentage
73 interest of the parties voting shall have priority over all other competing proposals; in the case of a tie vote, the
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1 plugged and abandoned without the consent of all parties. Should Operator, after diligent effort, be unable to contact any
 2 party, or should any party fail to reply within forty-eight (48) hours (exclusive of Saturday, Sunday and legal holidays) after
 3 delivery of notice of the proposal to plug and abandon such well, such party shall be deemed to have consented to the
 4 proposed abandonment. All such wells shall be plugged and abandoned in accordance with applicable regulations and at the cost, risk
 5 and expense of the parties who participated in the cost of drilling or Deepening such well. Any party who objects to
 6 plugging and abandoning such well by notice delivered to Operator within forty-eight (48) hours (exclusive of Saturday,
 7 Sunday and legal holidays) after delivery of notice of the proposed plugging shall take over the well as of the end of such
 8 forty-eight (48) hour notice period and conduct further operations in search of Oil and/or Gas subject to the provisions of
 9 Article VI.B.; failure of such party to provide proof reasonably satisfactory to Operator of its financial capability to conduct
 10 such operations or to take over the well within such period or thereafter to conduct operations on such well or plug and
 11 abandon such well shall entitle Operator to retain or take possession of the well and plug and abandon the well. The party
 12 taking over the well shall indemnify Operator (if Operator is an abandoning party) and the other abandoning parties against
 13 liability for any further operations conducted on such well except for the costs of plugging and abandoning the well and
 14 restoring the surface, for which the abandoning parties shall remain proportionately liable.

15 **2. Abandonment of Wells That Have Produced:** Except for any well in which a Non-Consent operation has been
 16 conducted hereunder for which the Consenting Parties have not been fully reimbursed as herein provided, any well which has
 17 been completed as a producer shall not be plugged and abandoned without the consent of all parties. If all parties consent to
 18 such abandonment, the well shall be plugged and abandoned in accordance with applicable regulations and at the cost, risk
 19 and expense of all the parties hereto. Failure of a party to reply within sixty (60) days of delivery of notice of proposed
 20 abandonment shall be deemed an election to consent to the proposal. If, within sixty (60) days after delivery of notice of the
 21 proposed abandonment of any well, all parties do not agree to the abandonment of such well, those wishing to continue its
 22 operation from the Zone then open to production shall be obligated to take over the well as of the expiration of the
 23 applicable notice period and shall indemnify Operator (if Operator is an abandoning party) and the other abandoning parties
 24 against liability for any further operations on the well conducted by such parties. Failure of such party or parties to provide
 25 proof reasonably satisfactory to Operator of their financial capability to conduct such operations or to take over the well
 26 within the required period or thereafter to conduct operations on such well shall entitle operator to retain or take possession
 27 of such well and plug and abandon the well.

28 Parties taking over a well as provided herein shall tender to each of the other parties its proportionate share of the value of
 29 the well's salvable material and equipment, determined in accordance with the provisions of Exhibit "C," less the estimated cost
 30 of salvaging and the estimated cost of plugging and abandoning and restoring the surface; provided, however, that in the event
 31 the estimated plugging and abandoning and surface restoration costs and the estimated cost of salvaging are higher than the
 32 value of the well's salvable material and equipment, each of the abandoning parties shall tender to the parties continuing
 33 operations their proportionate shares of the estimated excess cost. Each abandoning party shall assign to the non-abandoning
 34 parties, without warranty, express or implied, as to title or as to quantity, or fitness for use of the equipment and material, all
 35 of its interest in the wellbore of the well and related equipment, together with its interest in the Leasehold insofar and only
 36 insofar as such Leasehold covers the right to obtain production from that wellbore in the Zone then open to production. If the
 37 interest of the abandoning party is or includes and Oil and Gas Interest, such party shall execute and deliver to the non-
 38 abandoning party or parties an oil and gas lease, limited to the wellbore and the Zone then open to production, for a term of
 39 one (1) year and so long thereafter as Oil and/or Gas is produced from the Zone covered thereby, such lease to be on the form
 40 attached as Exhibit "B." The assignments or leases so limited shall encompass the Drilling Unit upon which the well is located./
 41 The payments by, and the assignments or leases to, the assignees shall be in a ratio based upon the relationship of their
 42 respective percentage of participation in the Contract Area to the aggregate of the percentages of participation in the Contract
 43 Area of all assignees. There shall be no readjustment of interests in the remaining portions of the Contract Area.

44 Thereafter, abandoning parties shall have no further responsibility, liability, or interest in the operation of or production
 45 from the well in the Zone then open other than the royalties retained in any lease made under the terms of this Article. Upon
 46 request, Operator shall continue to operate the assigned well for the account of the non-abandoning parties at the rates and
 47 charges contemplated by this agreement, plus any additional cost and charges which may arise as the result of the separate
 48 ownership of the assigned well. Upon proposed abandonment of the producing Zone assigned or leased, the assignor or lessor
 49 shall then have the option to repurchase its prior interest in the well (using the same valuation formula) and participate in
 50 further operations therein subject to the provisions hereof.

51 **3. Abandonment of Non-Consent Operations:** The provisions of Article V.I.E.1. or V.I.E.2. above shall be applicable as
 52 between Consenting Parties in the event of the proposed abandonment of any well excepted from said Articles; provided,
 53 however, no well shall be permanently plugged and abandoned unless and until all parties having the right to conduct further
 54 operations therein have been notified of the proposed abandonment and afforded the opportunity to elect to take over the well
 55 in accordance with the provisions of this Article V.I.E.; and provided further, that Non-Consenting Parties who own an interest
 56 in a portion of the well shall pay their proportionate shares of abandonment and surface restoration cost for such well as
 57 provided in Article VI.B.2.(b).

58 **F. Termination of Operations:**

59 Upon the commencement of an operation for the drilling, Reworking, Sidetracking, Plugging Back, Deepening, testing,
 60 Completion or plugging of a well, ~~including but not limited to the Initial Well,~~ such operation shall not be terminated without
 61 consent of parties ^{greater than} ~~bearing 50%~~ of the costs of such operation; provided, however, that in the event granite or other
 62 practically impenetrable substance or condition in the hole is encountered which renders further operations impractical,
 63 Operator may discontinue operations and give notice of such condition in the manner provided in Article VI.B.1, and the
 64 provisions of Article VI.B. or V.I.E. shall thereafter apply to such operation, as appropriate.

65 **G. Taking Production in Kind:**

66 ☒ **Option No. 1: Gas Balancing Agreement Attached**

67 Each party shall have the option to take in kind or separately dispose of its proportionate share of all Oil and Gas produced from the
 68 Contract Area, exclusive of production which may be used in development and producing operations and in preparing and
 69 treating Oil and Gas for marketing purposes and production unavoidably lost. Any extra expenditure incurred in the taking
 70 in kind or separate disposition by any party of its proportionate share of the production shall be borne by such party. ~~Any~~
 71 ~~party taking its share of production in kind shall be required to pay for only its proportionate share of such part of~~
 72 ~~Operator's surface facilities which it uses.~~

73 Each party shall execute such division orders and contracts as may be necessary for the sale of its interest in
 74

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production from the Contract Area, and, except as provided in Article VII.B., shall be entitled to receive payment directly from the purchaser thereof for its share of all production.

If any party fails to make the arrangements necessary to take in kind or separately dispose of its proportionate share of the Oil produced from the Contract Area, Operator shall have the right, subject to the revocation at will by the party owning it, but not the obligation, to purchase such Oil or sell it to others at any time and from time to time, for the account of the non-taking party. Any such purchase or sale by Operator may be terminated by Operator upon at least ten (10) days written notice to the owner of said production and shall be subject always to the right of the owner of the production upon at least ten (10) days written notice to Operator to exercise at any time its right to take in kind, or separately dispose of, its share of all Oil not previously delivered to a purchaser. Any purchase or sale by Operator of any other party's share of Oil shall be only for such reasonable periods of time as are consistent with the minimum needs of the industry under the particular circumstances, but in no event for a period in excess of one (1) year.

Any such sale by Operator shall be in a manner commercially reasonable under the circumstances but Operator shall have no duty to share any existing market or to obtain a price equal to that received under any existing market. The sale or delivery by Operator of a non-taking party's share of Oil under the terms of any existing contract of Operator shall not give the non-taking party any interest in or make the non-taking party a party to said contract. No purchase shall be made by Operator without first giving the non-taking party at least ten (10) days written notice of such intended purchase and the price to be paid or the pricing basis to be used.

All parties shall give timely written notice to Operator of their Gas marketing arrangements for the following month, excluding price, and shall notify Operator immediately in the event of a change in such arrangements. Operator shall maintain records of all marketing arrangements, and of volumes actually sold or transported, which records shall be made available to Non-Operators upon reasonable request.

In the event one or more parties' separate disposition of its share of the Gas causes split-stream deliveries to separate pipelines and/or deliveries which on a day-to-day basis for any reason are not exactly equal to a party's respective proportionate share of total Gas sales to be allocated to it, the balancing or accounting between the parties shall be in accordance with any Gas balancing agreement between the parties hereto, whether such an agreement is attached as Exhibit "E" or is a separate agreement. Operator shall give notice to all parties of the first sales of Gas from any well under this agreement.

~~Option No. 2: No Gas Balancing Agreement~~

~~Each party shall take in kind or separately dispose of its proportionate share of all Oil and Gas produced from the Contract Area, exclusive of production which may be used in development and producing operations and in preparing and treating Oil and Gas for marketing purposes and production unavoidably lost. Any extra expenditures incurred in the taking in kind or separate disposition by any party of its proportionate share of the production shall be borne by such party. Any party taking its share of production in kind shall be required to pay for only its proportionate share of such part of Operator's surface facilities which it uses.~~

~~Each party shall execute such division orders and contracts as may be necessary for the sale of its interest in production from the Contract Area, and, except as provided in Article VII.B., shall be entitled to receive payment directly from the purchaser thereof for its share of all production.~~

~~If any party fails to make the arrangements necessary to take in kind or separately dispose of its proportionate share of the Oil and/or Gas produced from the Contract Area, Operator shall have the right, subject to the revocation at will by the party owning it, but not the obligation, to purchase such Oil and/or Gas or sell it to others at any time and from time to time, for the account of the non-taking party. Any such purchase or sale by Operator may be terminated by Operator upon at least ten (10) days written notice to the owner of said production and shall be subject always to the right of the owner of the production upon at least ten (10) days written notice to Operator to exercise its right to take in kind, or separately dispose of, its share of all Oil and/or Gas not previously delivered to a purchaser; provided, however, that the effective date of any such revocation may be deferred at Operator's election for a period not to exceed ninety (90) days if Operator has committed such production to a purchase contract having a term extending beyond such ten (10) day period. Any purchase or sale by Operator of any other party's share of Oil and/or Gas shall be only for such reasonable periods of time as are consistent with the minimum needs of the industry under the particular circumstances, but in no event for a period in excess of one (1) year.~~

~~Any such sale by Operator shall be in a manner commercially reasonable under the circumstances, but Operator shall have no duty to share any existing market or transportation arrangement or to obtain a price or transportation fee equal to that received under any existing market or transportation arrangement. The sale or delivery by Operator of a non-taking party's share of production under the terms of any existing contract of Operator shall not give the non-taking party any interest in or make the non-taking party a party to said contract. No purchase of Oil and Gas and no sale of Gas shall be made by Operator without first giving the non-taking party ten days written notice of such intended purchase or sale and the price to be paid or the pricing basis to be used. Operator shall give notice to all parties of the first sale of Gas from any well under this Agreement.~~

~~All parties shall give timely written notice to Operator of their Gas marketing arrangements for the following month, excluding price, and shall notify Operator immediately in the event of a change in such arrangements. Operator shall maintain records of all marketing arrangements, and of volumes actually sold or transported, which records shall be made available to Non-Operators upon reasonable request.~~

ARTICLE VII.

EXPENDITURES AND LIABILITY OF PARTIES

A. Liability of Parties:

The liability of the parties shall be several, not joint or collective. Each party shall be responsible only for its obligations, and shall be liable only for its proportionate share of the costs of developing the operating the Contract Area. Accordingly, the liens granted among the parties in Article VII.B. are given to secure only the debts of each severally, and no party shall have any liability to third parties hereunder to satisfy the default of any other party in the payment of any expense or obligation hereunder. It is not the intention of the parties to create, nor shall this agreement be construed as creating, a mining or other partnership, joint venture, agency relationship or association, or to render the parties liable as partners, co-venturers, or principals. In their relations with each other under this agreement, the parties shall not be considered fiduciaries or to have established a confidential relationship but rather shall be free to act on an arm's-length basis in accordance with their own respective self-interest, subject, however, to the obligation of the parties to act in good faith in their dealings with each other with respect to activities hereunder.

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1 B. Liens and Security Interests:

2 Each party grants to the other parties hereto a lien upon any interest it now owns or hereafter acquires in Oil and Gas
3 Leases and Oil and Gas Interests in the Contract Area, and a security interest and/or purchase money security interest in any
4 interest it now owns or hereafter acquires in the personal property and fixtures on or used or obtained for use in connection
5 therewith, to secure performance of all of its obligations under this agreement including but not limited to payment of expense,
6 interest and fees, the proper disbursement of all monies paid hereunder, the assignment or relinquishment of interest in Oil
7 and Gas Leases as required hereunder, and the proper performance of operations hereunder. Such lien and security interest
8 granted by each party hereto shall include such party's leasehold interests, working interests, operating rights, and royalty and
9 overriding royalty interests in the Contract Area now owned or hereafter acquired and in lands pooled or unitized therewith or
10 otherwise becoming subject to this agreement, the Oil and Gas when extracted therefrom and equipment situated thereon or
11 used or obtained for use in connection therewith (including, without limitation, all wells, tools, and tubular goods), and accounts
12 (including, without limitation, accounts arising from gas imbalances or from the sale of Oil and/or Gas at the wellhead),
13 contract rights, inventory and general intangibles relating thereto or arising therefrom, and all proceeds and products of the
14 foregoing.

15 To perfect the lien and security agreement provided herein, each party hereto shall execute and acknowledge the recording
16 supplement and/or any financing statement prepared and submitted by any party hereto in conjunction herewith or at any time
17 following execution hereof, and Operator is authorized to file this agreement or the recording supplement executed herewith as
18 a lien or mortgage in the applicable real estate records and as a financing statement with the proper officer under the Uniform
19 Commercial Code in the state in which the Contract Area is situated and such other states as Operator shall deem appropriate
20 to perfect the security interest granted hereunder. Any party may file this agreement, the recording supplement executed
21 herewith, or such other documents as it deems necessary as a lien or mortgage in the applicable real estate records and/or a
22 financing statement with the proper officer under the Uniform Commercial Code.

23 Each party represents and warrants to the other parties hereto that the lien and security interest granted by such party to
24 the other parties shall be a first and prior lien, and each party hereby agrees to maintain the priority of said lien and security
25 interest against all persons acquiring an interest in Oil and Gas Leases and Interests covered by this agreement by, through or
26 under such party. All parties acquiring an interest in Oil and Gas Leases and Oil and Gas Interests covered by this agreement,
27 whether by assignment, merger, mortgage, operation of law, or otherwise, shall be deemed to have taken subject
28 to the lien and security interest granted by this Article VII.B. as to all obligations attributable to such interest hereunder
29 whether or not such obligations arise before or after such interest is acquired.

30 To the extent that parties have a security interest under the Uniform Commercial Code of the state in which the
31 Contract Area is situated, they shall be entitled to exercise the rights and remedies of a secured party under the Code.
32 The bringing of a suit and the obtaining of judgment by a party for the secured indebtedness shall not be deemed an
33 election of remedies or otherwise affect the lien rights or security interest as security for the payment thereof. In
34 addition, upon default by any party in the payment of its share of expenses, interests or fees, or upon the improper use
35 of funds by the Operator, the other parties shall have the right, without prejudice to other rights or remedies, to collect
36 from the purchaser the proceeds from the sale of such defaulting party's share of Oil and Gas until the amount owed by
37 such party, plus interest as provided in "Exhibit C," has been received, and shall have the right to offset the amount
38 owed against the proceeds from the sale of such defaulting party's share of Oil and Gas. All purchasers of production
39 may rely on a notification of default from the non-defaulting party or parties stating the amount due as a result of the
40 default, and all parties waive any recourse available against purchasers for releasing production proceeds as provided in
41 this paragraph.

42 If any party fails to pay its share of cost within one hundred twenty (120) days after rendition of a statement therefor by
43 Operator, the non-defaulting parties, including Operator, shall upon request by Operator, pay the unpaid amount in the
44 proportion that the interest of each such party bears to the interest of all such parties. The amount paid by each party so
45 paying its share of the unpaid amount shall be secured by the liens and security rights described in Article VII.B., and each
46 paying party may independently pursue any remedy available hereunder or otherwise.

47 If any party does not perform all of its obligations hereunder, and the failure to perform subjects such party to foreclosure
48 or execution proceedings pursuant to the provisions of this agreement, to the extent allowed by governing law, the defaulting
49 party waives any available right of redemption from and after the date of judgment, any required valuation or appraisalment
50 of the mortgaged or secured property prior to sale, any available right to stay execution or to require a marshaling of assets
51 and any required bond in the event a receiver is appointed. In addition, to the extent permitted by applicable law, each party
52 hereby grants to the other parties a power of sale as to any property that is subject to the lien and security rights granted
53 hereunder, such power to be exercised in the manner provided by applicable law or otherwise in a commercially reasonable
54 manner and upon reasonable notice.

55 Each party agrees that the other parties shall be entitled to utilize the provisions of Oil and Gas lien law or other lien
56 law of any state in which the Contract Area is situated to enforce the obligations of each party hereunder. Without limiting
57 the generality of the foregoing, to the extent permitted by applicable law, Non-Operators agree that Operator may invoke or
58 utilize the mechanics' or materialmen's lien law of the state in which the Contract Area is situated in order to secure the
59 payment to Operator of any sum due hereunder for services performed or materials supplied by Operator.

60 C. Advances:

61 Operator, at its election, shall have the right from time to time to demand and receive from one or more of the other
62 parties payment in advance of their respective shares of the estimated amount of the expense to be incurred in operations
63 hereunder during the next succeeding month/ , which right may be exercised only by submission to each such party of an
64 itemized statement of such estimated expense, together with an invoice for its share thereof. Each such statement and invoice
65 for the payment in advance of estimated expense shall be submitted on or before the 20th day of the next preceding month/ .
66 Each party shall pay to Operator its proportionate share of such estimate within ~~fifteen (15)~~ ^{thirty (30)} days after such estimate and
67 invoice is received. If any party fails to pay its share of said estimate within said time, the amount due shall bear interest as
68 provided in Exhibit "C" until paid. Proper adjustment shall be made monthly between advances and actual expense to the end
69 that each party shall bear and pay its proportionate share of actual expenses incurred, and no more.

70 D. Defaults and Remedies:

71 If any party fails to discharge any financial obligation under this agreement, including without limitation the failure to
72 make any advance under the preceding Article VII.C. or any other provision of this agreement, within the period required for
73 such payment hereunder, then in addition to the remedies provided in Article VII.B. or elsewhere in this agreement, the
74 remedies specified below shall be applicable. For purposes of this Article VII.D., all notices and elections shall be delivered

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1 only by Operator, except that Operator shall deliver any such notice and election requested by a non-defaulting Non-Operator,
2 and when Operator is the party in default, the applicable notices and elections can be delivered by any Non-Operator.
3 Election of any one or more of the following remedies shall not preclude the subsequent use of any other remedy specified
4 below or otherwise available to a non-defaulting party.

5 1. Suspension of Rights: Any party may deliver to the party in default a Notice of Default, which shall specify the default,
6 specify the action to be taken to cure the default, and specify that failure to take such action will result in the exercise of one
7 or more of the remedies provided in this Article. If the default is not cured within thirty (30) days of the delivery of such
8 Notice of Default, all of the rights of the defaulting party granted by this agreement may upon notice be suspended until the
9 default is cured, without prejudice to the right of the non-defaulting party or parties to continue to enforce the obligations of
10 the defaulting party previously accrued or thereafter accruing under this agreement. If Operator is the party in default, the
11 Non-Operators shall have in addition the right, by vote of Non-Operators owning a majority in interest in the Contract Area
12 after excluding the voting interest of Operator, to appoint a new Operator effective immediately. The rights of a defaulting
13 party that may be suspended hereunder at the election of the non-defaulting parties shall include, without limitation, the right
14 to receive information as to any operation conducted hereunder during the period of such default, the right to elect to
15 participate in an operation proposed under Article VI.B. of this agreement, the right to participate in an operation being
16 conducted under this agreement even if the party has previously elected to participate in such operation, and the right to
17 receive proceeds of production from any well subject to this agreement.

18 2. Suit for Damages: Non-defaulting parties or Operator for the benefit of non-defaulting parties may sue (at joint
19 account expense) to collect the amounts in default, plus interest accruing on the amounts recovered from the date of default
20 until the date of collection at the rate specified in Exhibit "C" attached hereto. Nothing herein shall prevent any party from
21 suing any defaulting party to collect consequential damages accruing to such party as a result of the default.

22 3. Deemed Non-Consent: The non-defaulting party may deliver a written Notice of Non-Consent Election to the
23 defaulting party at any time after the expiration of the thirty-day cure period following delivery of the Notice of Default, in
24 which event if the billing is for the drilling a new well or the Plugging Back, Sidetracking, Reworking or Deepening of a
25 well which is to be or has been plugged as a dry hole, or for the Completion or Recompletion of any well, the defaulting
26 party will be conclusively deemed to have elected not to participate in the operation and to be a Non-Consenting Party with
27 respect thereto under Article VI.B. or VI.C., as the case may be, to the extent of the costs unpaid by such party,
28 notwithstanding any election to participate theretofore made. If election is made to proceed under this provision, then the
29 non-defaulting parties may not elect to sue for the unpaid amount pursuant to Article VIL.D.2.

30 Until the delivery of such Notice of Non-Consent Election to the defaulting party, such party shall have the right to cure
31 its default by paying its unpaid share of costs plus interest at the rate set forth in Exhibit "C," provided, however, such
32 payment shall not prejudice the rights of the non-defaulting parties to pursue remedies for damages incurred by the non-
33 defaulting parties as a result of the default. Any interest relinquished pursuant to this Article VIL.D.3. shall be offered to the
34 non-defaulting parties in proportion to their interests, and the non-defaulting parties electing to participate in the ownership
35 of such interest shall be required to contribute their shares of the defaulted amount upon their election to participate therein.

36 4. Advance Payment: If a default is not cured within thirty (30) days of the delivery of a Notice of Default, Operator, or
37 Non-Operators if Operator is the defaulting party, may thereafter require advance payment from the defaulting
38 party of such defaulting party's anticipated share of any item of expense for which Operator, or Non-Operators, as the case may
39 be, would be entitled to reimbursement under any provision of this agreement, whether or not such expense was the subject of
40 the previous default. Such right includes, but is not limited to, the right to require advance payment for the estimated costs of
41 drilling a well or Completion of a well as to which an election to participate in drilling or Completion has been made. If the
42 defaulting party fails to pay the required advance payment, the non-defaulting parties may pursue any of the remedies provided
43 in the Article VII.D. or any other default remedy provided elsewhere in this agreement. Any excess of funds advanced remaining
44 when the operation is completed and all costs have been paid shall be promptly returned to the advancing party.

45 5. Costs and Attorneys' Fees: In the event any party is required to bring legal proceedings to enforce any financial
46 obligation of a party hereunder, the prevailing party in such action shall be entitled to recover all court costs, costs of
47 collection, and a reasonable attorney's fee, which the lien provided for herein shall also secure.

48 E. Rentals, Shut-in Well Payments and Minimum Royalties:

49 Rentals, shut-in well payments and minimum royalties which may be required under the terms of any lease shall be paid
50 by the party or parties who subjected such lease to this agreement at its or their expense. In the event two or more parties
51 own and have contributed interests in the same lease to this agreement, such parties may designate one of such parties to
52 make said payments for and on behalf of all such parties. Any party may request, and shall be entitled to receive, proper
53 evidence of all such payments. In the event of failure to make proper payment of any rental, shut-in well payment or
54 minimum royalty through mistake or oversight where such payment is required to continue the lease in force, any loss which
55 results from such non-payment shall be borne in accordance with the provisions of Article IV.B.2.

56 Operator shall notify Non-Operators of the anticipated completion of a shut-in well, or the shutting in or return to
57 production of a producing well, at least five (5) days (excluding Saturday, Sunday, and legal holidays) prior to taking such
58 action, or at the earliest opportunity permitted by circumstances, but assumes no liability for failure to do so. ~~In the event of~~
59 ~~failure by Operator to so notify Non-Operators, the loss of any lease contributed hereto by Non-Operators for failure to make~~
60 ~~timely payments of any shut-in well payment shall be borne jointly by the parties hereto under the provisions of Article~~
61 ~~IV.B.3.~~

62 F. Taxes:

63 Beginning with the first calendar year after the effective date hereof, Operator shall render for ad valorem taxation all
64 property subject to this agreement which by law should be rendered for such taxes, and it shall pay all such taxes assessed
65 thereon before they become delinquent. Prior to the rendition date, each Non-Operator shall furnish Operator information as
66 to burdens (to include, but not be limited to, royalties, overriding royalties and production payments) on Leases and Oil and
67 Gas Interests contributed by such Non-Operator. If the assessed valuation of any Lease is reduced by reason of its being
68 subject to outstanding excess royalties, overriding royalties or production payments, the reduction in ad valorem taxes
69 resulting therefrom shall inure to the benefit of the owner or owners of such Lease, and Operator shall adjust the charge to
70 such owner or owners so as to reflect the benefit of such reduction. If the ad valorem taxes are based in whole or in part
71 upon separate valuations of each party's working interest, then notwithstanding anything to the contrary herein, charges to
72 the joint account shall be made and paid by the parties hereto in accordance with the tax value generated by each party's
73 working interest. Operator shall bill the other parties for their proportionate shares of all tax payments in the manner
74 provided in Exhibit "C."

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1 If Operator considers any tax assessment improper, Operator may, at its discretion, protest within the time and manner
2 prescribed by law, and prosecute the protest to a final determination, unless all parties agree to abandon the protest prior to final
3 determination. During the pendency of administrative or judicial proceedings, Operator may elect to pay, under protest, all such taxes
4 and any interest and penalty. When any such protested assessment shall have been finally determined, Operator shall pay the tax for
5 the joint account, together with any interest and penalty accrued, and the total cost shall then be assessed against the parties, and be
6 paid by them, as provided in Exhibit "C."

7 Each party shall pay or cause to be paid all production, severance, excise, gathering and other taxes imposed upon or with respect
8 to the production or handling of such party's share of Oil and Gas produced under the terms of this agreement.

ARTICLE VIII

ACQUISITION, MAINTENANCE OR TRANSFER OF INTEREST

A. Surrender of Leases:

12 The Leases covered by this agreement, insofar as they embrace acreage in the Contract Area, shall not be surrendered in whole
13 or in part unless all parties consent thereto.

14 However, should any party desire to surrender its interest in any Lease or in any portion thereof, such party shall give written
15 notice of the proposed surrender to all parties, and the parties to whom such notice is delivered shall have thirty (30) days after
16 delivery of the notice within which to notify the party proposing the surrender whether they elect to consent thereto. Failure of a
17 party to whom such notice is delivered to reply within said 30-day period shall constitute a consent to the surrender of the Leases
18 described in the notice. If all parties do not agree or consent thereto, the party desiring to surrender shall assign, without express or
19 implied warranty of title, all of its interest in such Lease, or portion thereof, and any well, material and equipment which may be
20 located thereon and any rights in production thereafter secured, to the parties not consenting to such surrender, if not restricted by the lease or a
21 prior contract. ~~If the interest of the assigning party is or includes an Oil and Gas Interest, the assigning party shall execute and deliver to the party or parties not~~
22 ~~consenting to such surrender an oil and gas lease covering such Oil and Gas Interest for a term of one (1) year and so long~~
23 ~~thereafter as Oil and/or Gas is produced from the land covered thereby, such lease to be on the form attached hereto as Exhibit "B."~~

24 Upon such assignment or lease, the assigning party shall be relieved from all obligations thereafter accruing, but not theretofore
25 accrued, with respect to the interest assigned or leased and the operation of any well attributable thereto, and the assigning party
26 shall have no further interest in the assigned or leased premises and its equipment and production other than the royalties retained
27 in any lease made under the terms of this Article. The party assignee or lessee shall pay to the party assignor or lessor the
28 reasonable salvage value of the latter's interest in any well's salvable materials and equipment attributable to the assigned or leased
29 acreage. The value of all salvable materials and equipment shall be determined in accordance with the provisions of Exhibit "C," less
30 the estimated cost of salvaging and the estimated cost of plugging and abandoning and restoring the surface. If such value is less
31 than such costs, then the party assignor or lessor shall pay to the party assignee or lessee the amount of such deficit. If the
32 assignment or lease is in favor of more than one party, the interest shall be shared by such parties in the proportions that the
33 interest of each bears to the total interest of all such parties. If the interest of the parties to whom the assignment is to be made
34 varies according to depth, then the interest assigned shall similarly reflect such variances.

35 Any assignment, lease or surrender made under this provision shall not reduce or change the assignor's, lessor's or surrendering
36 party's interest as it was immediately before the assignment, lease or surrender in the balance of the Contract Area; and the acreage
37 assigned, leased or surrendered, and subsequent operations thereon, shall not thereafter be subject to the terms and provisions of this
38 agreement but shall be deemed subject to an Operating Agreement in the form of this agreement.

B. Renewal or Extension of Leases:

40 If any party secures a renewal or replacement of an Oil and Gas Lease or Interest subject to this agreement, then all other parties
41 shall be notified promptly upon such acquisition or, in the case of a replacement Lease taken before expiration of an existing Lease,
42 promptly upon expiration of the existing Lease. The parties notified shall have the right for a period of thirty (30) days following
43 delivery of such notice in which to elect to participate in the ownership of the renewal or replacement Lease, insofar as such Lease
44 affects lands within the Contract Area, by paying to the party who acquired it their proportionate shares of the acquisition cost
45 allocated to that part of such Lease within the Contract Area, which shall be in proportion to the interest held at that time by the
46 parties in the Contract Area. Each party who participates in the purchase of a renewal or replacement Lease shall be given an
47 assignment of its proportionate interest therein by the acquiring party.

48 If some, but less than all, of the parties elect to participate in the purchase of a renewal or replacement Lease, it shall be owned
49 by the parties who elect to participate therein, in a ratio based upon the relationship of their respective percentage of participation in
50 the Contract Area to the aggregate of the percentages of participation in the Contract Area of all parties participating in the
51 purchase of such renewal or replacement Lease. The acquisition of a renewal or replacement Lease by any or all of the parties hereto
52 shall not cause a readjustment of the interests of the parties stated in Exhibit "A," but any renewal or replacement Lease in which
53 less than all parties elect to participate shall not be subject to this agreement but shall be deemed subject to a separate Operating
54 Agreement in the form of this agreement.

55 If the interests of the parties in the Contract Area vary according to depth, then their right to participate proportionately in
56 renewal or replacement Leases and their right to receive an assignment of interest shall also reflect such depth variances.

57 The provisions of this Article shall apply to renewal or replacement Leases whether they are for the entire interest covered by
58 the expiring Lease or cover only a portion of its area or an interest therein. ~~Any renewal or replacement Lease taken before the~~
59 ~~expiration of its predecessor Lease, or taken, or contracted for, or becoming effective, within six (6) months after the expiration of the~~
60 ~~existing Lease, shall be subject to this provision so long as this agreement is in effect at the time of such acquisition or at the time~~
61 ~~the renewal or replacement Lease becomes effective; but any Lease taken, or contracted for, more than six (6) months after the~~
62 ~~expiration of an existing Lease shall not be deemed a renewal or replacement Lease and shall not be subject to the provisions of this~~
63 ~~agreement.~~

64 The provisions in this Article shall also be applicable to extensions of Oil and Gas Leases.

C. Acreage or Cash Contributions:

66 While this agreement is in force, if any party contracts for a contribution of cash towards the drilling of a well or any other
67 operation on the Contract Area, such contribution shall be paid to the party who conducted the drilling or other operation and shall
68 be applied by it against the cost of such drilling or other operation. If the contribution be in the form of acreage, the party to whom
69 the contribution is made shall promptly tender an assignment of the acreage, without warranty of title, to the Drilling Parties in the
70 proportions said Drilling Parties shared the cost of drilling the well. Such acreage shall become a separate Contract Area and, to the
71 extent possible, be governed by provisions identical to this agreement. Each party shall promptly notify all other parties of any
72 acreage or cash contributions it may obtain in support of any well or any other operation on the Contract Area. The above
73 provisions shall also be applicable to optional rights to earn acreage outside the Contract Area which are in support of well drilled
74 inside the Contract Area.

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1 If any party contracts for any consideration relating to disposition of such party's share of substances produced hereunder,
2 such consideration shall not be deemed a contribution as contemplated in this Article VIII.C.

3 D. Assignment; Maintenance of Uniform Interest:

4 For the purpose of maintaining uniformity of ownership in the Contract Area in the Oil and Gas Leases, Oil and Gas
5 Interests, wells, equipment and production covered by this agreement no party shall sell, encumber, transfer or make other
6 disposition of its interest in the Oil and Gas Leases and Oil and Gas Interests embraced within the Contract Area or in wells,
7 equipment and production unless such disposition covers either:

- 8 1. the entire interest of the party in all Oil and Gas Leases, Oil and Gas Interests, wells, equipment and production; or
- 9 2. an equal undivided percent of the party's present interest in all Oil and Gas Leases, Oil and Gas Interests, wells,
10 equipment and production in the Contract Area.

11 Every sale, encumbrance, transfer or other disposition made by any party shall be made expressly subject to this agreement
12 and shall be made without prejudice to the right of the other parties, and any transferee of an ownership interest in any Oil and
13 Gas Lease or Interest shall be deemed a party to this agreement as to the interest conveyed from and after the effective date of
14 the transfer of ownership; provided, however, that the other parties shall not be required to recognize any such sale,
15 encumbrance, transfer or other disposition for any purpose hereunder until thirty (30) days after they have received a copy of the
16 instrument of transfer or other satisfactory evidence thereof in writing from the transferor or transferee. No assignment or other
17 disposition of interest by a party shall relieve such party of obligations previously incurred by such party hereunder with respect
18 to the interest transferred, including without limitation the obligation of a party to pay all costs attributable to an operation
19 conducted hereunder in which such party has agreed to participate prior to making such assignment, and the lien and security
20 interest granted by Article VII.B. shall continue to burden the interest transferred to secure payment of any such obligations.

21 If, at any time the interest of any party is divided among and owned by/ ^{three} four or more co-owners, Operator, at its discretion,
22 may require such co-owners to appoint a single trustee or agent with full authority to receive notices, approve expenditures,
23 receive billings for and approve and pay such party's share of the joint expenses, and to deal generally with, and with power to
24 bind, the co-owners of such party's interest within the scope of the operations embraced in this agreement; however, all such co-
25 owners shall have the right to enter into and execute all contracts or agreements for the disposition of their respective shares of
26 the Oil and Gas produced from the Contract Area and they shall have the right to receive, separately, payment of the sale
27 proceeds thereof.

28 E. Waiver of Rights to Partition:

29 If permitted by the laws of the state or states in which the property covered hereby is located, each party hereto owning an
30 undivided interest in the Contract Area waives any and all rights it may have to partition and have set aside to it in severalty its
31 undivided interest therein.

32 F. Preferential Right to Purchase:

33 ☐ (Optional; Check if applicable.)

34 ~~Should any party desire to sell all or any part of its interests under this agreement, or its rights and interests in the Contract~~
35 ~~Area, it shall promptly give written notice to the other parties, with full information concerning its proposed disposition, which~~
36 ~~shall include the name and address of the prospective transferee (who must be ready, willing and able to purchase), the purchase~~
37 ~~price, a legal description sufficient to identify the property, and all other terms of the offer. The other parties shall then have an~~
38 ~~optional prior right, for a period of ten (10) days after the notice is delivered, to purchase for the stated consideration on the~~
39 ~~same terms and conditions the interest which the other party proposes to sell; and, if this optional right is exercised, the~~
40 ~~purchasing parties shall share the purchased interest in the proportions that the interest of each bears to the total interest of all~~
41 ~~purchasing parties. However, there shall be no preferential right to purchase in those cases where any party wishes to mortgage~~
42 ~~its interests, or to transfer title to its interests to its mortgagee in lieu of or pursuant to foreclosure of a mortgage of its interests,~~
43 ~~or to dispose of its interests by merger, reorganization, consolidation, or by sale of all or substantially all of its Oil and Gas assets~~
44 ~~to any party, or by transfer of its interests to a subsidiary or parent company or to a subsidiary of a parent company, or to any~~
45 ~~company in which such party owns a majority of the stock.~~

46 ARTICLE IX.

47 INTERNAL REVENUE CODE ELECTION

48 If, for federal income tax purposes, this agreement and the operations hereunder are regarded as a partnership, and if the
49 parties have not otherwise agreed to form a tax partnership pursuant to Exhibit "G" or other agreement between them, each
50 party thereby affected elects to be excluded from the application of all of the provisions of Subchapter "K," Chapter 1, Subtitle
51 "A," of the Internal Revenue Code of 1986, as amended ("Code"), as permitted and authorized by Section 761 of the Code and
52 the regulations promulgated thereunder. Operator is authorized and directed to execute on behalf of each party hereby affected
53 such evidence of this election as may be required by the Secretary of the Treasury of the United States or the Federal Internal
54 Revenue Service, including specifically, but not by way of limitation, all of the returns, statements, and the data required by
55 Treasury Regulation §1.761. Should there be any requirement that each party hereby affected give further evidence of this
56 election, each such party shall execute such documents and furnish such other evidence as may be required by the Federal Internal
57 Revenue Service or as may be necessary to evidence this election. No such party shall give any notices or take any other action
58 inconsistent with the election made hereby. If any present or future income tax laws of the state or states in which the Contract
59 Area is located or any future income tax laws of the United States contain provisions similar to those in Subchapter "K," Chapter
60 1, Subtitle "A," of the Code, under which an election similar to that provided by Section 761 of the Code is permitted, each party
61 hereby affected shall make such election as may be permitted or required by such laws. In making the foregoing election, each
62 such party states that the income derived by such party from operations hereunder can be adequately determined without the
63 computation of partnership taxable income.

64 ARTICLE X.

65 CLAIMS AND LAWSUITS

66 Operator may settle any single uninsured third party damage claim or suit arising from operations hereunder if the expenditure
67 does not exceed Fifty Thousand Dollars (\$ 50,000.00) and if the payment is in complete settlement
68 of such claim or suit. If the amount required for settlement exceeds the above amount, the parties hereto shall assume and take over
69 the further handling of the claim or suit, unless such authority is delegated to Operator. All costs and expenses of handling settling,
70 or otherwise discharging such claim or suit shall be a the joint expense of the parties participating in the operation from which the
71 claim or suit arises. If a claim is made against any party or if any party is sued on account of any matter arising from operations
72 hereunder over which such individual has no control because of the rights given Operator by this agreement, such party shall
73 immediately notify all other parties, and the claim or suit shall be treated as any other claim or suit involving operations hereunder.

**ARTICLE XI.
FORCE MAJEURE**

If any party is rendered unable, wholly or in part, by force majeure to carry out its obligations under this agreement, other than the obligation to indemnify or make money payments or furnish security, that party shall give to all other parties prompt written notice of the force majeure with reasonably full particulars concerning it; thereupon, the obligations of the party giving the notice, so far as they are affected by the force majeure, shall be suspended during, but no longer than, the continuance of the force majeure. The term "force majeure," as here employed, shall mean an act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning, fire, storm, flood or other act of nature, explosion, governmental action, governmental delay, restraint or inaction, unavailability of equipment, and any other cause, whether of the kind specifically enumerated above or otherwise, which is not reasonably within the control of the party claiming suspension.

The affected party shall use all reasonable diligence to remove the force majeure situation as quickly as practicable. The requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts, or other labor difficulty by the party involved, contrary to its wishes; how all such difficulties shall be handled shall be entirely within the discretion of the party concerned.

**ARTICLE XII.
NOTICES**

All notices authorized or required between the parties by any of the provisions of this agreement, unless otherwise specifically provided, shall be in writing and delivered in person or by United States mail, courier service, telegram, telex, telecopier or any other form of facsimile, postage or charges prepaid, and addressed to such parties at the addresses listed on Exhibit "A." All telephone or oral notices permitted by this agreement shall be confirmed immediately thereafter by written notice. The originating notice given under any provision hereof shall be deemed delivered only when received by the party to whom such notice is directed, and the time for such party to deliver any notice in response thereto shall run from the date the originating notice is received. "Receipt" for purposes of this agreement with respect to written notice delivered hereunder shall be actual delivery of the notice to the address of the party to be notified specified in accordance with this agreement, or to the telecopy, facsimile or telex machine of such party. The second or any responsive notice shall be deemed delivered when deposited in the United States mail or at the office of the courier or telegraph service, or upon transmittal by telex, telecopy or facsimile, or when personally delivered to the party to be notified, provided, that when response is required within 24 or 48 hours, such response shall be given orally or by telephone, telex, telecopy or other facsimile within such period. Each party shall have the right to change its address at any time, and from time to time, by giving written notice thereof to all other parties. If a party is not available to receive notice orally or by telephone when a party attempts to deliver a notice required to be delivered within 24 or 48 hours, the notice may be delivered in writing by any other method specified herein and shall be deemed delivered in the same manner provided above for any responsive notice.

**ARTICLE XIII.
TERM OF AGREEMENT**

This agreement shall remain in full force and effect as to the Oil and Gas Leases and/or Oil and Gas Interests subject hereto for the period of time selected below; provided, however, no party hereto shall ever be construed as having any right, title or interest in or to any Lease or Oil and Gas Interest contributed by any other party beyond the term of this agreement.

- ☒ Option No. 1: So long as any of the Oil and Gas Leases subject to this agreement remain or are continued in force as to any part of the Contract Area, whether by production, extension, renewal or otherwise,
- ☐ Option No. 2: In the event the well described in Article VI.A., or any subsequent well drilled under any provision of this agreement, results in the completion of a well as a well capable of production of Oil and/or Gas in paying quantities, this agreement shall continue in force so long as any such well is capable of production, and for an additional period of 90 days thereafter; provided, however, if, prior to the expiration of such additional period, one or more of the parties hereto are engaged in drilling, Reworking, Deepening, Sidetracking, Plugging Back, testing or attempting to Complete or Re-complete a well or wells hereunder, this agreement shall continue in force until such operations have been completed and if production results therefrom, this agreement shall continue in force as provided herein. In the event the well described in Article VI.A., or any subsequent well drilled hereunder, results in a dry hole, and no other well is capable of producing Oil and/or Gas from the Contract Area, this agreement shall terminate unless drilling, Deepening, Sidetracking, Completing, Re-completing, Plugging Back or Reworking operations are commenced within 90 days from the date of abandonment of said well. "Abandonment" for such purposes shall mean either (i) a decision by all parties not to conduct any further operations on the well or (ii) the elapse of 180 days from the conduct of any operations on the well, whichever first occurs.

The termination of this agreement shall not relieve any party hereto from any expense, liability or other obligation or any remedy therefor which has accrued or attached prior to the date of such termination.

Upon termination of this agreement and the satisfaction of all obligations hereunder, in the event a memorandum of this Operating Agreement has been filed of record, Operator is authorized to file of record in all necessary recording offices a notice of termination, and each party hereto agrees to execute such a notice of termination as to Operator's interest, upon request of Operator, if Operator has satisfied all its financial obligations.

**ARTICLE XIV.
COMPLIANCE WITH LAWS AND REGULATIONS**

A. Laws, Regulations and Orders:

This agreement shall be subject to the applicable laws of the state in which the Contract Area is located, to the valid rules, regulations, and orders of any duly constituted regulatory body of said state; and to all other applicable federal, state, and local laws, ordinances, rules, regulations and orders.

B. Governing Law:

This agreement and all matters pertaining hereto, including but not limited to matters of performance, non-performance, breach, remedies, procedures, rights, duties, and interpretation or construction, shall be governed and determined by the law of the state in which the Contract Area is located. If the Contract Area is in two or more states, the law of the state of Utah shall govern.

C. Regulatory Agencies:

Nothing herein contained shall grant, or be construed to grant, Operator the right or authority to waive or release any

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1 rights, privileges, or obligations which Non-Operators may have under federal or state laws or under rules, regulations or
2 orders promulgated under such laws in reference to oil, gas and mineral operations, including the location, operation, or
3 production of wells, on tracts offsetting or adjacent to the Contract Area.

4 With respect to the operations hereunder, Non-Operators agree to release Operator from any and all losses, damages,
5 injuries, claims and causes of action arising out of, incident to or resulting directly or indirectly from Operator's interpretation
6 or application of rules, rulings, regulations or orders of the Department of Energy or Federal Energy Regulatory Commission
7 or predecessor or successor agencies to the extent such interpretation or application was made in good faith and does not
8 constitute gross negligence. Each Non-Operator further agrees to reimburse Operator for such Non-Operator's share of
9 production or any refund, fine, levy or other governmental sanction that Operator may be required to pay as a result of such
10 an incorrect interpretation or application, together with interest and penalties thereon owing by Operator as a result of such
11 incorrect interpretation or application.

12 **ARTICLE XV.**
13 **MISCELLANEOUS**

14 **A. Execution:**

15 This agreement shall be binding upon each Non-Operator when this agreement or a counterpart thereof has been
16 executed by such Non-Operator and Operator notwithstanding that this agreement is not then or thereafter executed by all of
17 the parties to which it is tendered or which are listed on Exhibit "A" as owning an interest in the Contract Area or which
18 own, in fact, an interest in the Contract Area. Operator may, however, by written notice to all Non-Operators who have
19 become bound by this agreement as aforesaid, given at any time prior to the actual spud date of the Initial Well but in no
20 event later than five days prior to the date specified in Article VI.A. for commencement of the Initial Well, terminate this
21 agreement if Operator in its sole discretion determines that there is insufficient participation to justify commencement of
22 drilling operations. In the event of such a termination by Operator, all further obligations of the parties hereunder shall cease
23 as of such termination. In the event any Non-Operator has advanced or prepaid any share of drilling or other costs
24 hereunder, all sums so advanced shall be returned to such Non-Operator without interest. In the event Operator proceeds
25 with drilling operations for the Initial Well without the execution hereof by all persons listed on Exhibit "A" as having a
26 current working interest in such well, Operator shall indemnify Non-Operators with respect to all costs incurred for the
27 Initial Well which would have been charged to such person under this agreement if such person had executed the same and
28 Operator shall receive all revenues which would have been received by such person under this agreement if such person had
29 executed the same.

30 **B. Successors and Assigns:**

31 This agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs,
32 devisees, legal representatives, successors and assigns, and the terms hereof shall be deemed to run with the Leases or
33 interests included within the Contract Area.

34 **C. Counterparts:**

35 This instrument may be executed in any number of counterparts, each of which shall be considered an original for all
36 purposes.

37 **D. Severability:**

38 For the purposes of assuming or rejecting this agreement as an executory contract pursuant to federal bankruptcy laws,
39 this agreement shall not be severable, but rather must be assumed or rejected in its entirety, and the failure of any party to
40 this agreement to comply with all of its financial obligations provided herein shall be a material default.

41 **ARTICLE XVI.**
42 **OTHER PROVISIONS**

43 **SEE ATTACHED FOR ADDITIONAL PROVISIONS**
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**ARTICLE XVI.
OTHER PROVISIONS**

A. Default Non-Consent Provision:

If any Party (including operator) fails to pay its share of costs and expenses on or before thirty (30) days following the date that the payment is due, the Operator (or any Non-Operator if Operator is the delinquent Party) may deliver a written notice of default. If such default continues for a period of ten (10) days following delivery of such notice of default, then any Party not in default may deliver a Notice of Relinquishment to the defaulting Party to the following effect:

- a. If the default involves the drilling of a new well or the plugging back, reworking or deepening (including sidetracking) of a well which is to be or has been plugged as a dry hole or for the sidetracking, testing, completion, recompletion or equipping of any well, the defaulting Party will be deemed to have elected not to participate in the operation and to be a non-consenting Party with respect thereto under Article VI.B (to the extent of the costs and expenses subsequent to the Notice of Relinquishment), notwithstanding any election to participate theretofore made. Such non-consenting Party shall also be deemed to have relinquished to the consenting Parties (without right of reversion) any interest which was to be earned by performance of the contemplated or ongoing operation.
- b. The defaulting Party shall be relieved of the obligation to share further expenses for the operation subsequent to the date of the Notice of Relinquishment; however, the delivery of such Notice of Relinquishment to the defaulting Party shall not terminate the rights of the non-defaulting Party to exercise any other remedy available to them for such default including, without limitation, a suit for recovery of the amount in default and for the recovery of consequential damages caused by such default. During the period of such default and until such time as a recovery of the amount in default is obtained by the non-defaulting Party, the non-defaulting Party may suspend the defaulting Party's right to receive well information and the right to receive notices of future operations.
- c. Any interest relinquished pursuant to this Article shall be owned by the non-defaulting Party and the non-defaulting Party shall assume the defaulting Party's share of the ownership and obligations in proportion to their interest.
- d. Notwithstanding anything to the contrary contained herein, in the event any Party hereto disputes in good faith an invoice or statement that is the subject of the default and notice has been given pursuant to the provisions hereof, such Party may avoid the imposition of the remedies for such default contained in this Operating Agreement by paying the undisputed amount into an account at a bank requiring the signatures of both such Party and the Operation (or, if the Operator is the Party in default, a Non-Operator designated by the Non-Operators) in order to release such funds. Such funds, or portions thereof, shall be released to the Party entitled thereof upon the resolution of the issue raised by the objecting Party.

Notwithstanding anything to the contrary contained in this Agreement, in the event any Party assigns a part of its working interest in and to all or any portion of the Contract Area to a third party, such assigning Party shall remain primarily liable to the other Parties for the interest(s) assigned and shall pay the entire amount of statements and billings rendered to it until such time as the selling Party has furnished the other Parties with a properly recorded assignment of such interest(s).

B. Operations Commenced Within Notice Period:

Notwithstanding anything herein to the contrary, in the event Operator undertakes any operation hereunder prior to the expiration of the notice period and Non-Operator elects to not participate in such operation, Non-Operator shall be considered a non-consenting party subject to the terms of Article VI.B.2. The non-consent penalty shall apply if a party non-consents (including a non-consent deemed as such by a failure to timely elect) to a proposed operation even if the operation is commenced before the deadline. Further, Non-Operator shall not be entitled to any well information for any operation hereunder until it makes its election for such operation.

C. Excess Cost Operations:

When it becomes apparent to Operator actual drilling and/or completion costs expended or that will be expended for a well exceed one hundred fifteen percent (115%) or more of the estimated costs (AFE) for such well then notice of the expected overrun shall be forwarded to Non-Operators. The notice shall indicate the reason for the excessive costs and include a recommendation for controlling such costs. Subject to the continuation of all expenditures by Operator necessary to deal with previously contracted services or with explosions, fires, floods, or any other sudden emergency (of the same or different nature), then Operator or Non-Operators may request a supplemental estimate reflecting the expected costs to continue the drilling and completion of the well and proceed hereunder without any further options under this section as to the well.

D. Arbitration Provision:

- a. Arbitration Procedures. All disputes arising out of or relating to the following (each a "Dispute"), whether in contract, in tort, statutory or otherwise, shall be finally and solely resolved by binding arbitration in Houston, Texas administered by the American Arbitration Association (the "AAA") in accordance with the Commercial Arbitration Rules of the AAA, this Article XVI.D and, to the maximum extent applicable, the Federal Arbitration Act: (1) this Agreement or any of the other agreements or instruments delivered pursuant to the terms hereof; (2) the transactions contemplated by this Agreement and other agreements and instruments contemplated hereby; (3) the validity, legality, interpretation, construction, breach, violation or termination of the contracts and instruments referred to in clause (1) or the transactions referred to in clause (2); or (4) this Article XVI.D. Such arbitration shall be conducted by a single arbitrator (the "Arbitrator"). The Arbitrator shall be a practicing attorney licensed in the State of Texas who is knowledgeable in the subject matter of the Dispute. If the parties cannot agree on an arbitrator within 30 days after the request for an arbitration, then the arbitration shall be conducted before three arbitrators, one selected by Non-Operator, one selected by Operator, and the third selected by the first two (in which event "Arbitrator" shall mean the three arbitrators selected). The Arbitrator may engage accountants or other consultants that the Arbitrator deems necessary to render a conclusion in the arbitration proceeding. The Arbitrator may proceed to an award notwithstanding the failure of any

party to participate in such proceedings. The prevailing party in the arbitration proceeding shall be entitled to an award of reasonable attorneys' fees incurred in connection with the arbitration in such amount as may be determined by the Arbitrator, and the costs of the arbitration shall be borne equally by the parties.

- b. Arbitration Time Frame; Sanctions; Confidentiality. To the maximum extent practicable, an arbitration proceeding hereunder shall be concluded within 180 days of the filing of the Dispute with the AAA. The Arbitrator shall be empowered to impose sanctions and to take such other actions as the Arbitrator deems necessary to the same extent a judge could impose sanctions or take such other actions pursuant to the Federal Rules of Civil Procedure and applicable law. At the conclusion of any arbitration proceeding, the Arbitrator shall make specific written findings of fact and conclusions of law. Each party agrees to keep all Disputes and arbitration proceedings strictly confidential except for disclosure of information required by applicable law.
- c. Exclusive Remedy; Injunctive Relief. The award of the Arbitrator shall be (1) the sole and exclusive remedy of the parties, and (2) final and binding (absent manifest error) on the parties hereto. Notwithstanding the foregoing, either party may seek injunctive relief in a court of competent jurisdiction where required to preserve assets or eliminate waste. The district courts of Harris County, Texas shall have exclusive jurisdiction to enter a judgment upon any award rendered by the Arbitrator, and the parties hereby consent to the personal jurisdiction of such court.

E. Commencement of Drilling Prior to Title Examination/Approval:

If title to the working interest ownership of the parties has not been examined or finally determined at the time of the commencement of drilling a well pursuant hereto, the parties intend, and Operator is hereby authorized, to commence drilling prior to the final title examination and approval. Until such time as title examination has been completed or approval secured as provided in Article IV.A. hereof, the interests of the parties as set forth on Exhibit "A" shall be the parties' interest for all purposes under this Agreement, and the parties shall pay all costs and expenses incurred and charged by the Operator to the Joint Account in the proportions thereon set forth.

When title has been examined and approved and the interests of the parties have been finally determined, Exhibit "A" shall be revised to reflect the interests of the parties as revealed by said examination. The Contract Area shall be all of the lands and depths described on Exhibit "A". Thereupon, Operator shall promptly adjust the accounts of the parties in accordance with the parties' interest as shown on the revised Exhibit "A" so that each party will have borne that share and only that share of all cost and expenses charged to the Joint Account hereunder prior to such revision as such party would have borne had the revised Exhibit "A" been in effect as of the date of the first charges thereto. To effectuate such adjustment of accounts, Operator shall promptly refund any net amounts due any party (after first offsetting any other proper charges to such party hereunder) and shall invoice any party for any additional sums owing, which additional sums shall be paid in accordance with the Accounting Procedure and Gas Balancing Agreement.

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1 IN WITNESS WHEREOF, this agreement shall be effective as of the 13th day of September
 2 in the year 2010.

3 Roxann Eyeland, who has prepared and circulated this form for execution, represents and warrants
 4 that the form was printed from and, with the exception listed below, is identical to the AAPL Form 610-1989 Model Form Operating
 Agreement, as published in computerized form by Forms On-A-Disk, Inc. No changes, alternations, or modifications, other than those made
 by strikethrough and/or type-over have been made to the form.

5
 6 ATTEST OR WITNESS:

OPERATOR

NEWFIELD PRODUCTION COMPANY

By _____

Daryll T. Howard

Type or print name

Title President

Date _____

Tax ID or S.S. No. _____

NON-OPERATORS

HEIRS OF C. GERALDINE DANIELS

By _____

Type or print name

Title _____

Date _____

Tax ID or S.S. No. _____

MAKE A WISH FOUNDATION

By _____

Type or print name

Title _____

Date _____

Tax ID or S.S. No. _____

JOANN COPE

Date _____

Tax ID or S.S. No. _____

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AMERICAN RED CROSS

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By _____

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Type or print name

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Title _____

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Date _____

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Tax ID or S.S. No. _____

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GERALD SANDERS, JR.

10

11

Date

12

Tax ID or S.S. No. _____

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IRMA SANDERS

15

16

Date

17

Tax ID or S.S. No. _____

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GEORGE E. SANDERS

20

21

Date

22

Tax ID or S.S. No. _____

23

24

SHERYL SIMPLICAN

25

26

Date

27

Tax ID or S.S. No. _____

28

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DENISE TYMA

30

31

Date

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Tax ID or S.S. No. _____

33

34

RICHARD WINTERS

35

36

Date

37

Tax ID or S.S. No. _____

CRYSTAL VAN ARDSELL

Date

Tax ID or S.S. No. _____

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KATHY MILLS

Date _____

Tax ID or S.S. No. _____

STEPHEN WEAVER

Date _____

Tax ID or S.S. No. _____

ROBERT MORRIS

Date _____

Tax ID or S.S. No. _____

SAMUEL MORRIS

Date _____

Tax ID or S.S. No. _____

STEPHANIE PETERSON

Date _____

Tax ID or S.S. No. _____

HEIRS OF KAREN MCMILLAN

Date _____

Tax ID or S.S. No. _____

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ACKNOWLEDGMENTS

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2

Note: The following forms of acknowledgment are the short forms approved by the Uniform Law on Notarial

3

Acts. The validity and effect of these forms in any state will depend upon the statutes of that state.

4

5 Acknowledgment in representative capacity:

6 State of Colorado)

) ss.

7 County of Denver)

8

This instrument was acknowledged before me on this _____ day of _____, 2010 by Darryl T. Howard as President of

9

NEWFIELD PRODUCTION COMPANY

10 (Seal, if any)

11

Title (and Rank) _____

12

My commission expires: _____

13

Acknowledgment in representative capacity:

14

State of _____)

15

) ss.

16

County of _____)

17

This instrument was acknowledged before me on this _____ day of _____, 2010 by _____ as _____ of

18

HEIRS OF C. GERALDINE DANIELS

19

(Seal, if any)

20

Title (and Rank) _____

21

My commission expires: _____

22

Acknowledgment in representative capacity:

23

State of _____)

24

) ss.

25

County of _____)

26

This instrument was acknowledged before me on this _____ day of _____, 2010 by _____ as _____ of MAKE A WISH

27

FOUNDATION

28

(Seal, if any)

29

Title (and Rank) _____

30

My commission expires: _____

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Individual acknowledgment:

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State of _____)

33

) ss.

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County of _____)

35

This instrument was acknowledged before me on this _____ day of _____, 2010, by JOANN COPE.

36

37

(Seal, if any)

Title (and Rank) _____

My commission expires: _____

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2 Acknowledgment in representative capacity:

3 State of _____)

) ss.

4 County of _____)

5 This instrument was acknowledged before me on this _____ day of _____, 2010 by _____ as _____ of AMERICAN

6 RED CROSS

7 (Seal, if any) _____

8 Title (and Rank) _____

9 My commission expires: _____

10

Individual acknowledgment:

11 State of _____)

12 _____) ss.

13 County of _____)

14 This instrument was acknowledged before me on this _____ day of _____, 2010, by GERALD

SANDERS, JR.

15

16 (Seal, if any) _____

17 Title (and Rank) _____

18 My commission expires: _____

19

Individual acknowledgment:

20 State of _____)

21 _____) ss.

22 County of _____)

23 This instrument was acknowledged before me on this _____ day of _____, 2010, by IRMA SANDERS.

24

25 (Seal, if any) _____

26 Title (and Rank) _____

27 My commission expires: _____

28

Individual acknowledgment:

29 State of _____)

30 _____) ss.

31 County of _____)

32 This instrument was acknowledged before me on this _____ day of _____, 2010, by GEORGE E.

SANDERS.

33

34 (Seal, if any) _____

35 Title (and Rank) _____

36 My commission expires: _____

37

38

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1
Individual acknowledgment:

2 State of _____)
3 _____) ss.
4 County of _____)

5 This instrument was acknowledged before me on this _____ day of _____, 2010, by SHERYL
SIMPLICAN.

6
7 (Seal, if any) _____

8 Title (and Rank) _____

9 My commission expires: _____

10
Individual acknowledgment:

11 State of _____)
12 _____) ss.
13 County of _____)

14 This instrument was acknowledged before me on this _____ day of _____, 2010, by DENISE TYMA.

15
16 (Seal, if any) _____

17 Title (and Rank) _____

18 My commission expires: _____

19 Individual acknowledgment:

20 State of _____)
21 _____) ss.
22 County of _____)

23 This instrument was acknowledged before me on this _____ day of _____, 2010, by RICHARD
WINTERS.

24
25 (Seal, if any) _____

26 Title (and Rank) _____

27 My commission expires: _____

28 Individual acknowledgment:

29 State of _____)
30 _____) ss.
31 County of _____)

32 This instrument was acknowledged before me on this _____ day of _____, 2010, by CRYSTAL VAN
ARSDALL.

33
34 (Seal, if any) _____

35 Title (and Rank) _____

36 My commission expires: _____

37

A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1989

1
Individual acknowledgment:

2 State of _____)
3) ss.
4 County of _____)

5 This instrument was acknowledged before me on this _____ day of _____, 2010, by KATHY MILLS.

6
(Seal, if any)

7
Title (and Rank) _____

8
My commission expires: _____

9
10 Individual acknowledgment:

11 State of _____)
12) ss.
13 County of _____)

14 This instrument was acknowledged before me on this _____ day of _____, 2010, by STEPHEN
WEAVER.

15
(Seal, if any)

16
Title (and Rank) _____

17
My commission expires: _____

18
19 Individual acknowledgment:

20 State of _____)
21) ss.
22 County of _____)

23 This instrument was acknowledged before me on this _____ day of _____, 2010, by ROBERT
MORRIS.

24
(Seal, if any)

25
Title (and Rank) _____

26
My commission expires: _____

27
Individual acknowledgment:

28 State of _____)
29) ss.
30 County of _____)

31 This instrument was acknowledged before me on this _____ day of _____, 2010, by SAMUEL
MORRIS.

32
(Seal, if any)

33
Title (and Rank) _____

34
My commission expires: _____

35

36

37

A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1989

1
Individual acknowledgment:

2 State of _____)
3) ss.
County of _____)

4 This instrument was acknowledged before me on this _____ day of _____, 2010, by STEPHANIE
5 PETERSON.

6
7 (Seal, if any) _____

8 Title (and Rank) _____

9 My commission expires: _____

10
Individual acknowledgment:

11 State of _____)
12) ss.
County of _____)

13 This instrument was acknowledged before me on this _____ day of _____, 2010, by HEIRS OF
14 KAREN MCMILLAN.

15
16 (Seal, if any) _____

17 Title (and Rank) _____

18 My commission expires: _____

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EXHIBIT "A"

Attached to and made a part of that certain Operating Agreement dated September 13, 2010 by and between Newfield Production Company, as Operator, and Heirs of C. Geraldine Daniels, et al, as Non-Operators.

1. Contract Area and Depths Covered by this Operating Agreement:

Township 4 South, Range 1 East, USM
Section 19: Lots 3, 4, E2SW, SE

Township 4 South, Range 1 West, USM
Section 13: Lots 3, 4, W2SE, SW

Uintah County, Utah

2. Restrictions, if any, as to depths, formations, or substances:

Limited in depth from the surface of the earth to the stratigraphic equivalent of the base of the Green River formation as found at a measured depth of 6515' identified by the Dual Lateral Log run in the Newfield Production Company Federal #1-26 well located in the NENW of Section 26, Township 8 South, Range 17 East, Uintah County, Utah.

3. Parties to agreement with addresses and telephone numbers for notice purposes:

Newfield Production Company
1001 17th Street, Suite 2000
Denver, CO 80202
ATTN: Roxann Eveland
303-382-4444

Heirs of C. Geraldine Daniels
Unknown

Make a Wish Foundation
One Park Place, Suite 405
McAllen, TX 78503
ATTN: Ava Sandlin
956-686-9474

Gerald Sanders, Jr., son of Gerald Sanders, deceased, and heir of Ernest & Anna Sanders
36414 State Rt. #172
Lisbon, OH 44432
330-424-9449

JoAnn Cope, daughter of George Sanders, deceased, and heir of Solon & Grace Sanders
46901 Metz. Rd.
New Waterford, OH 44445
330-457-9394

American Red Cross
PO Box 2202
Harlingen, TX 78551
ATTN: Michael Huckabee
956-423-0523

Irma Sanders, wife of Donald Sanders, deceased, and heir of Ernest & Anna Sanders
1024 McNaughten Road
Columbus, OH 43213
614-866-9449

George E. Sanders, son of Herbert Sanders, deceased, and heir of Ernest Sanders
Address Unknown

Sheryl Simpican, daughter of Grace Lucille Winters, deceased, and heir of Solon & Grace Sanders

Denise Tyma, daughter of Grace Lucille Winters, deceased, and heir of Solon & Grace Sanders

47539 Metz Road
Waterford, OH 44445
330-457-7256

Richard Winters, son of Grace Lucille
Winters, deceased, and heir of Solon
& Grace Sanders
1177 Carey Ave
Akron, OH 44314
330-861-5106

Kathy Mills, daughter of Grace Kay
Weaver, deceased, and heir of Grace
Lucille Winters and Solon & Grace
Sanders
PO Box 151
Salem, OH 44460

Robert Morris, son of Kathleen Boyd,
deceased, and heir of Grace Lucille
Winters and Solon & Grace Sanders
Address Unknown

Stephanie Peterson, daughter of
Kathleen Boyd, deceased, and heir of
Grace Lucille Winters and Solon &
Grace Sanders
238 Lee Avenue
Lisbon, OH 44432
330-692-0663

1839 Alverne Dr.
Youngstown, OH 44514
330-757-8256

Crystal Van Arsdell, daughter of
Grace Lucille Winters, deceased,
and heir of Solon & Grace Sanders
228 Hartman Road
Wadsworth, OH 44281
330-612-8678

Stephen Weaver, son of Grace Kay Weaver,
deceased, and heir of Grace Lucille Winters
and Solon & Grace Sanders
14405 Market Street
Columbiana, OH 44408
330-549-0909

Samuel Morris, son of Kathleen Boyd,
deceased, and heir of Grace Lucille Winters
and Solon & Grace Sanders
Address Unknown

Heirs of Karen McMillan, deceased,
daughter of Kathleen Boyd, deceased,
and heir of Grace Lucille Winters and
Solon & Grace Sanders
Address Unknown

4. Percentages or fractional interests of parties to this agreement:

Newfield Production Company	73.05556%
Heirs of C. Geraldine Daniels	8.333333%
Make a Wish Foundation	5%
Gerald Sanders, Jr.	3.888889%
JoAnn Cope	2.777778%
American Red Cross	2.5%
Irma Sanders	1.111111%
George E. Sanders	.555555%
Sheryl Simpican	.462963%
Denise Tyma	.462963%
Richard Winters	.462963%
Crystal Van Arsdell	.462963%
Kathy Mills	.231481%
Stephen Weaver	.231481%
Robert Morris	.115741%
Samuel Morris	.115741%
Stephanie Peterson	.115740%
Heirs of Karen McMillan	<u>.115740%</u>
	100.000%

5. Oil and Gas Lease(s) and /or Oil and Gas Interests subject to this agreement:

Lessor: Rio Grande Children's Home, Inc.
Lessee: Newfield Production Company
Date: March 4, 2010
Description: Township 4 South, Range 1 West, USM
Section 13: W2SE, SW, Lots 3, 4
Township 4 South, Range 1 East, USM
Section 19: E2SW, SE, Lots 3, 4
Uintah County, Utah

Lessor: First Christian Church of Edinburg
Lessee: Newfield Production Company
Date: June 1, 2007
Description: Township 4 South, Range 1 East, USM
Section 19: Lot 3, Lot 4, E2SW, SE
Uintah County, Utah

Lessor: First Christian Church of Edinburg
Lessee: Newfield Production Company
Date: February 7, 2007
Description: Township 4 South, Range 1 West, USM
Section 13: Lot 3, Lot 4, W2SE, SW
Uintah County, Utah

Lessor: David Welch, heir of Nettie Nicklin Estate
Lessee: Newfield Production Company
Date: March 15, 2007
Description: Township 4 South, Range 1 West, USM
Section 13: Lot 3, Lot 4, W2SE, SW
Township 4 South, Range 1 East, USM
Section 19: Lot 3, Lot 4, E2SW, SE
Uintah County, Utah

Lessor: Heritage Foundation of Hidalgo County
Lessee: Newfield Production Company
Date: November 6, 2008
Description: Township 4 South, Range 1 East, USM
Section 19: Lot 3, Lot 4, E2SW, SE
Township 4 South, Range 1 West, USM
Section 13: Lot 3, Lot 4, W2SE, SW
Uintah County, Utah

Lessor: John L. Chisum, Executor of the Estate of Helen E. Snider
Lessee: Newfield Production Company
Date: September 18, 2007
Description: Township 4 South, Range 1 West, USM
Section 13: Lot 3, Lot 4, W2SE, SW
Township 4 South, Range 1 East, USM
Section 19: Lot 3, Lot 4, E2SW, SE
Uintah County, Utah

Lessor: Museum of South Texas History
Lessee: Newfield Production Company
Date: May 3, 2010
Description: Township 4 South, Range 1 West, USM
Section 13: Lot 3, Lot 4, W2SE, SW
Township 4 South, Range 1 East, USM
Section 19: Lot 3, Lot 4, E2SW, SE
Uintah County, Utah

Lessor: Texas Numismatic Association
Lessee: Newfield Production Company
Date: August 2, 2007
Description: Township 4 South, Range 1 West, USM
Section 13: Lot 3, Lot 4, W2SE, SW
Township 4 South, Range 1 East, USM
Section 19: Lot 3, Lot 4, E2SW, SE
Uintah County, Utah

Lessor: Ben F. Love, heir of Nettie Nicklin Estate
Lessee: Newfield Production Company
Date: March 15, 2007
Description: Township 4 South, Range 1 West, USM
Section 13: Lot 3, Lot 4, W2SE, SW
Township 4 South, Range 1 East, USM
Section 19: Lot 3, Lot 4, E2SW, SE
Uintah County, Utah

Lessor: Kathryn J. Stocker, heir of Nettie Nicklin Estate
Lessee: Newfield Production Company
Date: April 4, 2007
Description: Township 4 South, Range 1 West, USM
Section 13: Lot 3, Lot 4, W2SE, SW
Township 4 South, Range 1 East, USM
Section 19: Lot 3, Lot 4, E2SW, SE
Uintah County, Utah

Lessor: Terry Stocker, sole heir to the Estate of Paul Stocker
Lessee: Newfield Production Company
Date: August 15, 2007
Description: Township 4 South, Range 1 West, USM
Section 13: Lot 3, Lot 4, W2SE, SW
Township 4 South, Range 1 East, USM
Section 19: Lot 3, Lot 4, E2SW, SE
Uintah County, Utah

Lessor: Richard T. Love, a/k/a Dick Love, heir of Nettie Nicklin Estate
Lessee: Newfield Production Company
Date: March 15, 2007
Description: Township 4 South, Range 1 West, USM
Section 13: Lot 3, Lot 4, W2SE, SW
Township 4 South, Range 1 East, USM
Section 19: Lot 3, Lot 4, E2SW, SE
Uintah County, Utah

Lessor: Donna Dyke, Attorney-in-Fact for Esther Dickinson, a.k.a. Ester Dickinson,
heir of Solon Sanders, deceased
Lessee: Newfield Production Company
Date: April 5, 2010
Description: Township 4 South, Range 1 West, USM
Section 13: Lot 3, Lot 4, W2SE, SW
Township 4 South, Range 1 East, USM
Section 19: Lot 3, Lot 4, E2SW, SE
Uintah County, Utah

Lessor: Shirley Sanders, widow of Robert E. Sanders, and heir of Ernest Sanders,
deceased
Lessee: Newfield Production Company
Date: April 5, 2010
Description: Township 4 South, Range 1 West, USM
Section 13: Lot 3, Lot 4, W2SE, SW
Township 4 South, Range 1 East, USM

Section 19: Lot 3, Lot 4, E2SW, SE
Uintah County, Utah

Lessor: Donna Dyke, daughter of Darlene Bell deceased, and heir of Ernest Sanders, deceased
Lessee: Newfield Production Company
Date: April 5, 2010
Description: Township 4 South, Range 1 West, USM
Section 13: Lot 3, Lot 4, W2SE, SW
Township 4 South, Range 1 East, USM
Section 19: Lot 3, Lot 4, E2SW, SE
Uintah County, Utah

Lessor: J. Robert Stratton, heir of Mildred P. Stratton Estate
Lessee: Newfield Production Company
Date: April 4, 2007
Description: Township 4 South, Range 1 West, USM
Section 13: Lot 3, Lot 4, W2SE, SW
Township 4 South, Range 1 East, USM
Section 19: Lot 3, Lot 4, E2SW, SE
Uintah County, Utah

Lessor: Martha Alt, heir of Mildred P. Stratton Estate
Lessee: Newfield Production Company
Date: April 4, 2007
Description: Township 4 South, Range 1 West, USM
Section 13: Lot 3, Lot 4, W2SE, SW
Township 4 South, Range 1 East, USM
Section 19: Lot 3, Lot 4, E2SW, SE
Uintah County, Utah

Lessor: Ruth Elder, heir of Mildred P. Stratton Estate
Lessee: Newfield Production Company
Date: April 4, 2007
Description: Township 4 South, Range 1 West, USM
Section 13: Lot 3, Lot 4, W2SE, SW
Township 4 South, Range 1 East, USM
Section 19: Lot 3, Lot 4, E2SW, SE
Uintah County, Utah

Lessor: Samuel Stratton, heir of Mildred P. Stratton Estate
Lessee: Newfield Production Company
Date: April 4, 2007
Description: Township 4 South, Range 1 West, USM
Section 13: Lot 3, Lot 4, W2SE, SW
Township 4 South, Range 1 East, USM
Section 19: Lot 3, Lot 4, E2SW, SE
Uintah County, Utah

Lessor: Wayne Stratton, heir of Mildred P. Stratton Estate
Lessee: Newfield Production Company
Date: April 4, 2007
Description: Township 4 South, Range 1 West, USM
Section 13: Lot 3, Lot 4, W2SE, SW
Township 4 South, Range 1 East, USM
Section 19: Lot 3, Lot 4, E2SW, SE
Uintah County, Utah

Lessor: Mary Lou Sanders, daughter of Herbert Sanders, deceased, and heir of Ernest Sanders
Lessee: Newfield Production Company
Date: April 5, 2010

Description: Township 4 South, Range 1 West, USM
Section 13: Lot 3, Lot 4, W2SE, SW
Township 4 South, Range 1 East, USM
Section 19: Lot 3, Lot 4, E2SW, SE
Uintah County, Utah

EXHIBIT "C"
ACCOUNTING PROCEDURE
JOINT OPERATIONS

Attached to and made part of Operating Agreement dated September 13, 2010 by and between Newfield Production Company, as Operator and Heirs of C. Geraldine Daniels, et al, as Non-Operators.

I. GENERAL PROVISIONS – ACCOUNTING PROCEDURE

IF THE PARTIES FAIL TO SELECT EITHER ONE OF COMPETING "ALTERNATIVE" PROVISIONS, OR SELECT ALL THE COMPETING "ALTERNATIVE" PROVISIONS, ALTERNATIVE 1 IN EACH SUCH INSTANCE SHALL BE DEEMED TO HAVE BEEN ADOPTED BY THE PARTIES AS A RESULT OF ANY SUCH OMISSION OR DUPLICATE NOTATION.

IN THE EVENT THAT ANY "OPTIONAL" PROVISION OF THIS ACCOUNTING PROCEDURE IS NOT ADOPTED BY THE PARTIES TO THE AGREEMENT BY A TYPED, PRINTED OR HANDWRITTEN INDICATION, SUCH PROVISION SHALL NOT FORM A PART OF THIS ACCOUNTING PROCEDURE, AND NO INFERENCE SHALL BE MADE CONCERNING THE INTENT OF THE PARTIES IN SUCH EVENT.

1. DEFINITIONS

All terms used in this Accounting Procedure shall have the following meaning, unless otherwise expressly defined in the Agreement:

"Affiliate" means for a person, another person that controls, is controlled by, or is under common control with that person. In this definition, (a) control means the ownership by one person, directly or indirectly, of more than fifty percent (50%) of the voting securities of a corporation or, for other persons, the equivalent ownership interest (such as partnership interests), and (b) "person" means an individual, corporation, partnership, trust, estate, unincorporated organization, association, or other legal entity.

"Agreement" means the operating agreement, farmout agreement, or other contract between the Parties to which this Accounting Procedure is attached.

"Controllable Material" means Material that, at the time of acquisition or disposition by the Joint Account, as applicable, is so classified in the Material Classification Manual most recently recommended by the Council of Petroleum Accountants Societies (COPAS).

"Equalized Freight" means the procedure of charging transportation cost to the Joint Account based upon the distance from the nearest Railway Receiving Point to the property.

"Excluded Amount" means a specified excluded trucking amount most recently recommended by COPAS.

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“Field Office” means a structure, or portion of a structure, whether a temporary or permanent installation, the primary function of which is to directly serve daily operation and maintenance activities of the Joint Property and which serves as a staging area for directly chargeable field personnel.

“First Level Supervision” means those employees whose primary function in Joint Operations is the direct oversight of the Operator’s field employees and/or contract labor directly employed On-site in a field operating capacity. First Level Supervision functions may include, but are not limited to:

- Responsibility for field employees and contract labor engaged in activities that can include field operations, maintenance, construction, well remedial work, equipment movement and drilling
- Responsibility for day-to-day direct oversight of rig operations
- Responsibility for day-to-day direct oversight of construction operations
- Coordination of job priorities and approval of work procedures
- Responsibility for optimal resource utilization (equipment, Materials, personnel)
- Responsibility for meeting production and field operating expense targets
- Representation of the Parties in local matters involving community, vendors, regulatory agents and landowners, as an incidental part of the supervisor’s operating responsibilities
- Responsibility for all emergency responses with field staff
- Responsibility for implementing safety and environmental practices
- Responsibility for field adherence to company policy
- Responsibility for employment decisions and performance appraisals for field personnel
- Oversight of sub-groups for field functions such as electrical, safety, environmental, telecommunications, which may have group or team leaders.

“Joint Account” means the account showing the charges paid and credits received in the conduct of the Joint Operations that are to be shared by the Parties, but does not include proceeds attributable to hydrocarbons and by-products produced under the Agreement.

“Joint Operations” means all operations necessary or proper for the exploration, appraisal, development, production, protection, maintenance, repair, abandonment, and restoration of the Joint Property.

“Joint Property” means the real and personal property subject to the Agreement.

“Laws” means any laws, rules, regulations, decrees, and orders of the United States of America or any state thereof and all other governmental bodies, agencies, and other authorities having jurisdiction over or affecting the provisions contained in or the transactions contemplated by the Agreement or the Parties and their operations, whether such laws now exist or are hereafter amended, enacted, promulgated or issued.

“Material” means personal property, equipment, supplies, or consumables acquired or held for use by the Joint Property.

“Non-Operators” means the Parties to the Agreement other than the Operator.

“Offshore Facilities” means platforms, surface and subsea development and production systems, and other support systems such as oil and gas handling facilities, living quarters, offices, shops, cranes, electrical supply equipment and systems, fuel and water storage and piping, heliport, marine docking

installations, communication facilities, navigation aids, and other similar facilities necessary in the conduct of offshore operations, all of which are located offshore.

“Off-site” means any location that is not considered On-site as defined in this Accounting Procedure.

“On-site” means on the Joint Property when in direct conduct of Joint Operations. The term “On-site” shall also include that portion of Offshore Facilities, Shore Base Facilities, fabrication yards, and staging areas from which Joint Operations are conducted, or other facilities that directly control equipment on the Joint Property, regardless of whether such facilities are owned by the Joint Account.

“Operator” means the Party designated pursuant to the Agreement to conduct the Joint Operations.

“Parties” means legal entities signatory to the Agreement or their successors and assigns. Parties shall be referred to individually as “Party.”

“Participating Interest” means the percentage of the costs and risks of conducting an operation under the Agreement that a Party agrees, or is otherwise obligated, to pay and bear.

“Participating Party” means a Party that approves a proposed operation or otherwise agrees, or becomes liable, to pay and bear a share of the costs and risks of conducting an operation under the Agreement.

“Personal Expenses” means reimbursed costs for travel and temporary living expenses.

“Railway Receiving Point” means the railhead nearest the Joint Property for which freight rates are published, even though an actual railhead may not exist.

“Shore Base Facilities” means onshore support facilities that during Joint Operations provide such services to the Joint Property as a receiving and transshipment point for Materials; debarkation point for drilling and production personnel and services; communication, scheduling and dispatching center; and other associated functions serving the Joint Property.

“Supply Store” means a recognized source or common stock point for a given Material item.

“Technical Services” means services providing specific engineering, geoscience, or other professional skills, such as those performed by engineers, geologists, geophysicists, and technicians, required to handle specific operating conditions and problems for the benefit of Joint Operations; provided, however, Technical Services shall not include those functions specifically identified as overhead under the second paragraph of the introduction of Section III (*Overhead*). Technical Services may be provided by the Operator, Operator’s Affiliate, Non-Operator, Non-Operator Affiliates, and/or third parties.

2. STATEMENTS AND BILLINGS

The Operator shall bill Non-Operators on or before the last day of the month for their proportionate share of the Joint Account for the preceding month. Such bills shall be accompanied by statements that identify the AFE (authority for expenditure), lease or facility, and all charges and credits summarized by appropriate categories of investment and expense. Controllable Material shall be separately identified and fully described in detail, or at the Operator’s option, Controllable Material may be summarized by major Material classifications. Intangible drilling costs, audit adjustments, and unusual charges and credits shall be separately and clearly identified.

The Operator may make available to Non-Operators any statements and bills required under Section I.2 and/or Section I.3.A (~~Advances and Payments by the Parties~~) via email, electronic data interchange, internet websites or other equivalent electronic media in lieu of paper copies. The Operator shall provide the Non-Operators instructions and any necessary information to access and receive the statements and bills within the timeframes specified herein. A statement or billing shall be deemed as delivered twenty-four (24) hours (exclusive of weekends and holidays) after the Operator notifies the Non-Operator that the statement or billing is available on the website and/or sent via email or electronic data interchange transmission. Each Non-Operator individually shall elect to receive statements and billings electronically, if available from the Operator, or request paper copies. Such election may be changed upon thirty (30) days prior written notice to the Operator.

3. ADVANCES AND PAYMENTS BY THE PARTIES

- A. ~~Unless otherwise provided for in the Agreement, the Operator may require the Non-Operators to advance their share of the estimated cash outlay for the succeeding month's operations within fifteen (15) days after receipt of the advance request or by the first day of the month for which the advance is required, whichever is later. The Operator shall adjust each monthly billing to reflect advances received from the Non-Operators for such month. If a refund is due, the Operator shall apply the amount to be refunded to the subsequent month's billing or advance, unless the Non-Operator sends the Operator a written request for a cash refund. The Operator shall remit the refund to the Non-Operator within fifteen (15) days of receipt of such written request.~~
- B. Except as provided below, each Party shall pay its proportionate share of all bills in full within thirty (30) ~~fifteen (15)~~ days of receipt date. If payment is not made within such time, the unpaid balance shall bear interest compounded monthly at the prime rate published by the *Wall Street Journal* on the first day of each month the payment is delinquent, plus three percent (3%), per annum, or the maximum contract rate permitted by the applicable usury Laws governing the Joint Property, whichever is the lesser, plus attorney's fees, court costs, and other costs in connection with the collection of unpaid amounts. If the *Wall Street Journal* ceases to be published or discontinues publishing a prime rate, the unpaid balance shall bear interest compounded monthly at the prime rate published by the Federal Reserve plus three percent (3%) per annum. Interest shall begin accruing on the first day of the month in which the payment was due. Payment shall not be reduced or delayed as a result of inquiries or anticipated credits unless the Operator has agreed. Notwithstanding the foregoing, the Non-Operator may reduce payment, provided it furnishes documentation and explanation to the Operator at the time payment is made, to the extent such reduction is caused by:
- (1) being billed at an incorrect working interest or Participating Interest that is higher than such Non-Operator's actual working interest or Participating Interest, as applicable; or
 - (2) being billed for a project or AFE requiring approval of the Parties under the Agreement that the Non-Operator has not approved or is not otherwise obligated to pay under the Agreement; or
 - (3) being billed for a property in which the Non-Operator no longer owns a working interest, provided the Non-Operator has furnished the Operator a copy of the recorded assignment or letter in-lieu. Notwithstanding the foregoing, the Non-Operator shall remain responsible for paying bills attributable to the interest it sold or transferred for any bills rendered during the thirty (30) day period following the Operator's receipt of such written notice; or
 - (4) charges outside the adjustment period, as provided in Section I.4 (*Adjustments*).

4. ADJUSTMENTS

- A. Payment of any such bills shall not prejudice the right of any Party to protest or question the correctness thereof; however, all bills and statements, including payout statements, rendered during any calendar year shall conclusively be presumed to be true and correct, with respect only to expenditures, after twenty-four (24) months following the end of any such calendar year, unless within said period a Party takes specific detailed written exception thereto making a claim for adjustment. The Operator shall provide a response to all written exceptions, whether or not contained in an audit report, within the time periods prescribed in Section I.5 (*Expenditure Audits*).
- B. All adjustments initiated by the Operator, except those described in items (1) through (4) of this Section I.4.B, are limited to the twenty-four (24) month period following the end of the calendar year in which the original charge appeared or should have appeared on the Operator's Joint Account statement or payout statement. Adjustments that may be made beyond the twenty-four (24) month period are limited to adjustments resulting from the following:
 - (1) a physical inventory of Controllable Material as provided for in Section V (*Inventories of Controllable Material*), or
 - (2) an offsetting entry (whether in whole or in part) that is the direct result of a specific joint interest audit exception granted by the Operator relating to another property, or
 - (3) a government/regulatory audit, or
 - (4) a working interest ownership or Participating Interest adjustment.

5. EXPENDITURE AUDITS

- A. A Non-Operator, upon written notice to the Operator and all other Non-Operators, shall have the right to audit the Operator's accounts and records relating to the Joint Account within the twenty-four (24) month period following the end of such calendar year in which such bill was rendered; however, conducting an audit shall not extend the time for the taking of written exception to and the adjustment of accounts as provided for in Section I.4 (*Adjustments*). Any Party that is subject to payout accounting under the Agreement shall have the right to audit the accounts and records of the Party responsible for preparing the payout statements, or of the Party furnishing information to the Party responsible for preparing payout statements. Audits of payout accounts may include the volumes of hydrocarbons produced and saved and proceeds received for such hydrocarbons as they pertain to payout accounting required under the Agreement. Unless otherwise provided in the Agreement, audits of a payout account shall be conducted within the twenty-four (24) month period following the end of the calendar year in which the payout statement was rendered.

Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct a joint audit in a manner that will result in a minimum of inconvenience to the Operator. The Operator shall bear no portion of the Non-Operators' audit cost incurred under this paragraph unless agreed to by the Operator. The audits shall not be conducted more than once each year without prior approval of the Operator, except upon the resignation or removal of the Operator, and shall be made at the expense of those Non-Operators approving such audit.

The Non-Operator leading the audit (hereinafter "lead audit company") shall issue the audit report within ninety (90) days after completion of the audit testing and analysis; however, the ninety (90) day time period shall not extend the twenty-four (24) month requirement for taking specific detailed written exception as required in Section I.4.A (*Adjustments*) above. All claims shall be supported with sufficient documentation.

A timely filed written exception or audit report containing written exceptions (hereinafter "written exceptions") shall, with respect to the claims made therein, preclude the Operator from asserting a statute of limitations defense against such claims, and the Operator hereby waives its right to assert any statute of limitations defense against such claims for so long as any Non-Operator continues to comply with the deadlines for resolving exceptions provided in this Accounting Procedure. If the Non-Operators fail to comply with the additional deadlines in Section I.5.B or I.5.C, the Operator's waiver of its rights to assert a statute of limitations defense against the claims brought by the Non-Operators shall lapse, and such claims shall then be subject to the applicable statute of limitations; provided that such waiver shall not lapse in the event that the Operator has failed to comply with the deadlines in Section I.5.B or I.5.C.

- B. The Operator shall provide a written response to all exceptions in an audit report within one hundred eighty (180) days after Operator receives such report. Denied exceptions should be accompanied by a substantive response. If the Operator fails to provide substantive response to an exception within this one hundred eighty (180) day period, the Operator will owe interest on that exception or portion thereof, if ultimately granted, from the date it received the audit report. Interest shall be calculated ~~using the rate set forth in Section I.3.B (*Advances and Payments by the Parties*)~~ as interest compounded monthly at the prime rate published by the Wall Street Journal on the first day of each month the payment is delinquent, plus three percent (3%) per annum, or the maximum contract rate permitted by the applicable usury Laws governing the Joint Property, whichever is the lesser, plus attorney's fees, court costs, and other costs in connection with the collection of unpaid amounts. If the Wall Street Journal ceases to be published or discontinues publishing a prime rate, the unpaid balance shall bear interest compounded monthly at the prime rate published by the Federal Reserve plus three percent (3%) per annum. Interest shall begin accruing on the first day of the month in which the payment was due.
- C. The lead audit company shall reply to the Operator's response to an audit report within ninety (90) days of receipt, and the Operator shall reply to the lead audit company's follow-up response within ninety (90) days of receipt; provided, however, each Non-Operator shall have the right to represent itself if it disagrees with the lead audit company's position or believes the lead audit company is not adequately fulfilling its duties. Unless otherwise provided for in Section I.5.E, if the Operator fails to provide substantive response to an exception within this ninety (90) day period, the Operator will owe interest on that exception or portion thereof, if ultimately granted, from the date it received the audit report. Interest shall be calculated using the rate set forth in Section I.3.B (*Advances and Payments by the Parties*).
- D. If any Party fails to meet the deadlines in Sections I.5.B or I.5.C or if any audit issues are outstanding fifteen (15) months after Operator receives the audit report, the Operator or any Non-Operator participating in the audit has the right to call a resolution meeting, as set forth in this Section I.5.D or it may invoke the dispute resolution procedures included in the Agreement, if applicable. The meeting will require one month's written notice to the Operator and all Non-Operators participating in the audit. The meeting shall be held at the Operator's office or mutually agreed location, and shall be attended by representatives of the Parties with authority to resolve such outstanding issues. Any Party who fails to attend the resolution meeting shall be bound by any resolution reached at the meeting. The lead audit company will make good faith efforts to coordinate the response and positions of the Non-Operator participants throughout the resolution process; however, each Non-Operator shall have the right to represent itself. Attendees will make good faith efforts to resolve outstanding issues, and each Party will be required to present substantive information supporting its position. A resolution meeting may be held as often as agreed to by the Parties. Issues unresolved at one meeting may be discussed at subsequent meetings until each such issue is resolved.

If the Agreement contains no dispute resolution procedures and the audit issues cannot be resolved by negotiation, the dispute shall be submitted to mediation. In such event, promptly following one Party's written request for mediation, the Parties to the dispute shall choose a mutually acceptable mediator and share the costs of mediation services equally. The Parties shall each have present at the mediation at least one individual who has the authority to settle the dispute. The Parties shall make reasonable efforts to ensure that the mediation commences within sixty (60) days of the date of the mediation request. Notwithstanding the above, any Party may file a lawsuit or complaint (1) if the Parties are unable after reasonable efforts, to commence mediation within sixty (60) days of the date of the mediation request, (2) for statute of limitations reasons, or (3) to seek a preliminary injunction or other provisional judicial relief, if in its sole judgment an injunction or other provisional relief is necessary to avoid irreparable damage or to preserve the status quo. Despite such action, the Parties shall continue to try to resolve the dispute by mediation.

E. ☐ *(Optional Provision – Forfeiture Penalties)*

If the Non-Operators fail to meet the deadline in Section I.5.C, any unresolved exceptions that were not addressed by the Non-Operators within one (1) year following receipt of the last substantive response of the Operator shall be deemed to have been withdrawn by the Non-Operators. If the Operator fails to meet the deadlines in Section I.5.B or I.5.C, any unresolved exceptions that were not addressed by the Operator within one (1) year following receipt of the audit report or receipt of the last substantive response of the Non-Operators, whichever is later, shall be deemed to have been granted by the Operator and adjustments shall be made, without interest, to the Joint Account.

6. APPROVAL BY PARTIES

A. General Matters

Where an approval or other agreement of the Parties or Non-Operators is expressly required under other Sections of this Accounting Procedure and if the Agreement to which this Accounting Procedure is attached contains no contrary provisions in regard thereto, the Operator shall notify all Non-Operators of the Operator's proposal and the agreement or approval of a majority in interest of the Non-Operators shall be controlling on all Non-Operators.

This Section I.6.A applies to specific situations of limited duration where a Party proposes to change the accounting for charges from that prescribed in this Accounting Procedure. This provision does not apply to amendments to this Accounting Procedure, which are covered by Section I.6.B.

B. Amendments

If the Agreement to which this Accounting Procedure is attached contains no contrary provisions in regard thereto, this Accounting Procedure can be amended by an affirmative vote of Fifty Percent (50%) or more Parties, ~~one of which is the Operator, having a combined working interest of at least~~ percent (____%), which approval shall be binding on all Parties, provided, however, approval of at least one (1) Non-Operator shall be required.

C. Affiliates

For the purpose of administering the voting procedures of Sections I.6.A and I.6.B, if Parties to this Agreement are Affiliates of each other, then such Affiliates shall be combined and treated as a single Party having the combined working interest or Participating Interest of such Affiliates.

For the purposes of administering the voting procedures in Section I.6.A, if a Non-Operator is an Affiliate of the Operator, votes under Section I.6.A shall require the majority in interest of the Non-Operator(s) after excluding the interest of the Operator's Affiliate.

II. DIRECT CHARGES

The Operator shall charge the Joint Account with the following items:

1. RENTALS AND ROYALTIES

Lease rentals and royalties paid by the Operator, on behalf of all Parties, for the Joint Operations.

2. LABOR

A. Salaries and wages, including incentive compensation programs as set forth in COPAS MFI-37 ("Chargeability of Incentive Compensation Programs"), for:

- (1) Operator's field employees directly employed On-site in the conduct of Joint Operations,
- (2) Operator's employees directly employed on Shore Base Facilities, Offshore Facilities, or other facilities serving the Joint Property if such costs are not charged under Section II.6 (*Equipment and Facilities Furnished by Operator*) or are not a function covered under Section III (*Overhead*),
- (3) Operator's employees providing First Level Supervision,
- (4) Operator's employees providing On-site Technical Services for the Joint Property if such charges are excluded from the overhead rates in Section III (*Overhead*),
- (5) Operator's employees providing Off-site Technical Services for the Joint Property if such charges are excluded from the overhead rates in Section III (*Overhead*).

Charges for the Operator's employees identified in Section II.2.A may be made based on the employee's actual salaries and wages, or in lieu thereof, a day rate representing the Operator's average salaries and wages of the employee's specific job category.

Charges for personnel chargeable under this Section II.2.A who are foreign nationals shall not exceed comparable compensation paid to an equivalent U.S. employee pursuant to this Section II.2, unless otherwise approved by the Parties pursuant to Section I.6.A (*General Matters*).

B. Operator's cost of holiday, vacation, sickness, and disability benefits, and other customary allowances paid to employees whose salaries and wages are chargeable to the Joint Account under Section II.2.A, excluding severance payments or other termination allowances. Such costs under this Section II.2.B may be charged on a "when and as-paid basis" or by "percentage assessment" on the amount of salaries and wages chargeable to the Joint Account under Section

II.2.A. If percentage assessment is used, the rate shall be based on the Operator's cost experience.

- C. Expenditures or contributions made pursuant to assessments imposed by governmental authority that are applicable to costs chargeable to the Joint Account under Sections II.2.A and B.
- D. Personal Expenses of personnel whose salaries and wages are chargeable to the Joint Account under Section II.2.A when the expenses are incurred in connection with directly chargeable activities.
- E. Reasonable relocation costs incurred in transferring to the Joint Property personnel whose salaries and wages are chargeable to the Joint Account under Section II.2.A. Notwithstanding the foregoing, relocation costs that result from reorganization or merger of a Party, or that are for the primary benefit of the Operator, shall not be chargeable to the Joint Account. Extraordinary relocation costs, such as those incurred as a result of transfers from remote locations, such as Alaska or overseas, shall not be charged to the Joint Account unless approved by the Parties pursuant to Section I.6.A (*General Matters*).
- F. Training costs as specified in COPAS MFI-35 ("Charging of Training Costs to the Joint Account") for personnel whose salaries and wages are chargeable under Section II.2.A. This training charge shall include the wages, salaries, training course cost, and Personal Expenses incurred during the training session. The training cost shall be charged or allocated to the property or properties directly benefiting from the training. The cost of the training course shall not exceed prevailing commercial rates, where such rates are available.
- G. Operator's current cost of established plans for employee benefits, as described in COPAS MFI-27 ("Employee Benefits Chargeable to Joint Operations and Subject to Percentage Limitation"), applicable to the Operator's labor costs chargeable to the Joint Account under Sections II.2.A and B based on the Operator's actual cost not to exceed the employee benefits limitation percentage most recently recommended by COPAS.
- H. Award payments to employees, in accordance with COPAS MFI-49 ("Awards to Employees and Contractors") for personnel whose salaries and wages are chargeable under Section II.2.A.

3. MATERIAL

Material purchased or furnished by the Operator for use on the Joint Property in the conduct of Joint Operations as provided under Section IV (*Material Purchases, Transfers, and Dispositions*). Only such Material shall be purchased for or transferred to the Joint Property as may be required for immediate use or is reasonably practical and consistent with efficient and economical operations. The accumulation of surplus stocks shall be avoided.

4. TRANSPORTATION

- A. Transportation of the Operator's, Operator's Affiliate's, or contractor's personnel necessary for Joint Operations.
- B. Transportation of Material between the Joint Property and another property, or from the Operator's warehouse or other storage point to the Joint Property, shall be charged to the receiving property using one of the methods listed below. Transportation of Material from the

Joint Property to the Operator's warehouse or other storage point shall be paid for by the Joint Property using one of the methods listed below:

- (1) If the actual trucking charge is less than or equal to the Excluded Amount the Operator may charge actual trucking cost or a theoretical charge from the Railway Receiving Point to the Joint Property. The basis for the theoretical charge is the per hundred weight charge plus fuel surcharges from the Railway Receiving Point to the Joint Property. The Operator shall consistently apply the selected alternative.
- (2) If the actual trucking charge is greater than the Excluded Amount, the Operator shall charge Equalized Freight. Accessorial charges such as loading and unloading costs, split pick-up costs, detention, call out charges, and permit fees shall be charged directly to the Joint Property and shall not be included when calculating the Equalized Freight.

5. SERVICES

The cost of contract services, equipment, and utilities used in the conduct of Joint Operations, except for contract services, equipment, and utilities covered by Section III (*Overhead*), or Section II.7 (*Affiliates*), or excluded under Section II.9 (*Legal Expense*). Awards paid to contractors shall be chargeable pursuant to COPAS MFI- 49 ("Awards to Employees and Contractors").

The costs of third party Technical Services are chargeable to the extent excluded from the overhead rates under Section III (*Overhead*).

6. EQUIPMENT AND FACILITIES FURNISHED BY OPERATOR

In the absence of a separately negotiated agreement, equipment and facilities furnished by the Operator will be charged as follows:

- A. Operator shall charge the Joint Account for use of Operator-owned equipment and facilities, including but not limited to production facilities, Shore Base Facilities, Offshore Facilities, and Field Offices, at rates commensurate with the costs of ownership and operation. The cost of Field Offices shall be chargeable to the extent the Field Offices provide direct service to personnel who are chargeable pursuant to Section II.2.A (*Labor*). Such rates may include labor, maintenance, repairs, other operating expense, insurance, taxes, depreciation using straight line depreciation method, and interest on gross investment less accumulated depreciation not to exceed twelve percent (12 %) per annum; provided, however, depreciation shall not be charged when the equipment and facilities investment have been fully depreciated. The rate may include an element of the estimated cost for abandonment, reclamation, and dismantlement. Such rates shall not exceed the average commercial rates currently prevailing in the immediate area of the Joint Property.
- B. In lieu of charges in Section II.6.A above, the Operator may elect to use average commercial rates prevailing in the immediate area of the Joint Property, less twenty percent (20%). If equipment and facilities are charged under this Section II.6.B, the Operator shall adequately document and support commercial rates and shall periodically review and update the rate and the supporting documentation. For automotive equipment, the Operator may elect to use rates published by the Petroleum Motor Transport Association (PMTA) or such other organization recognized by COPAS as the official source of rates.

7. AFFILIATES

- A. ~~Charges for an Affiliate's goods and/or services used in operations requiring an AFE or other authorization from the Non Operators may be made without the approval of the Parties provided (i) the Affiliate is identified and the Affiliate goods and services are specifically detailed in the approved AFE or other authorization, and (ii) the total costs for such Affiliate's goods and services billed to such individual project do not exceed \$ _____. If the total costs for an Affiliate's goods and services charged to such individual project are not specifically detailed in the approved AFE or authorization or exceed such amount, charges for such Affiliate shall require approval of the Parties, pursuant to Section I.6.A (General Matters).~~
- B. ~~For an Affiliate's goods and /or services used in operations not requiring an AFE or other authorization from the Non Operators, charges for such Affiliate's goods and services shall require approval of the Parties, pursuant to Section I.6.A (General Matters), if the charges exceed \$ _____ in a given calendar year.~~
- C. ~~The cost of the Affiliate's goods or services shall not exceed average commercial rates prevailing in the area of the Joint Property, unless the Operator obtains the Non Operators' approval of such rates. The Operator shall adequately document and support commercial rates and shall periodically review and update the rate and the supporting documentation; provided, however, documentation of commercial rates shall not be required if the Operator obtains Non Operator approval of its Affiliate's rates or charges prior to billing Non Operators for such Affiliate's goods and services. Notwithstanding the foregoing, direct charges for Affiliate owned communication facilities or systems shall be made pursuant to Section II.12 (Communications).~~

~~If the Parties fail to designate an amount in Sections II.7.A or II.7.B, in each instance the amount deemed adopted by the Parties as a result of such omission shall be the amount established as the Operator's expenditure limitation in the Agreement. If the Agreement does not contain an Operator's expenditure limitation, the amount deemed adopted by the Parties as a result of such omission shall be zero dollars (\$ 0.00).~~

8. DAMAGES AND LOSSES TO JOINT PROPERTY

All costs or expenses necessary for the repair or replacement of Joint Property resulting from damages or losses incurred, except to the extent such damages or losses result from a Party's or Parties' gross negligence or willful misconduct, in which case such Party or Parties shall be solely liable.

The Operator shall furnish the Non-Operator written notice of damages or losses incurred as soon as practicable after a report has been received by the Operator.

9. LEGAL EXPENSE

Recording fees and costs of handling, settling, or otherwise discharging litigation, claims, and liens incurred in or resulting from operations under the Agreement, or necessary to protect or recover the Joint Property, to the extent permitted under the Agreement. Costs of the Operator's or Affiliate's legal staff or outside attorneys, including fees and expenses, are not chargeable unless approved by the Parties pursuant to Section I.6.A (*General Matters*) or otherwise provided for in the Agreement.

Notwithstanding the foregoing paragraph, costs for procuring abstracts, fees paid to outside attorneys for title examinations (including preliminary, supplemental, shut-in royalty opinions, division order title opinions), and curative work shall be chargeable to the extent permitted as a direct charge in the Agreement.

10. TAXES AND PERMITS

All taxes and permitting fees of every kind and nature, assessed or levied upon or in connection with the Joint Property, or the production therefrom, and which have been paid by the Operator for the benefit of the Parties, including penalties and interest, except to the extent the penalties and interest result from the Operator's gross negligence or willful misconduct.

If ad valorem taxes paid by the Operator are based in whole or in part upon separate valuations of each Party's working interest, then notwithstanding any contrary provisions, the charges to the Parties will be made in accordance with the tax value generated by each Party's working interest.

Costs of tax consultants or advisors, the Operator's employees, or Operator's Affiliate employees in matters regarding ad valorem or other tax matters, are not permitted as direct charges unless approved by the Parties pursuant to Section I.6.A (*General Matters*).

Charges to the Joint Account resulting from sales/use tax audits, including extrapolated amounts and penalties and interest, are permitted, provided the Non-Operator shall be allowed to review the invoices and other underlying source documents which served as the basis for tax charges and to determine that the correct amount of taxes were charged to the Joint Account. If the Non-Operator is not permitted to review such documentation, the sales/use tax amount shall not be directly charged unless the Operator can conclusively document the amount owed by the Joint Account.

11. INSURANCE

Net premiums paid for insurance required to be carried for Joint Operations for the protection of the Parties. If Joint Operations are conducted at locations where the Operator acts as self-insurer in regard to its worker's compensation and employer's liability insurance obligation, the Operator shall charge the Joint Account manual rates for the risk assumed in its self-insurance program as regulated by the jurisdiction governing the Joint Property. In the case of offshore operations in federal waters, the manual rates of the adjacent state shall be used for personnel performing work On-site, and such rates shall be adjusted for offshore operations by the U.S. Longshoreman and Harbor Workers (USL&H) or Jones Act surcharge, as appropriate.

12. COMMUNICATIONS

Costs of acquiring, leasing, installing, operating, repairing, and maintaining communication facilities or systems, including satellite, radio and microwave facilities, between the Joint Property and the Operator's office(s) directly responsible for field operations in accordance with the provisions of COPAS MFI-44 ("Field Computer and Communication Systems"). If the communications facilities or systems serving the Joint Property are Operator-owned, charges to the Joint Account shall be made as provided in Section II.6 (*Equipment and Facilities Furnished by Operator*). If the communication facilities or systems serving the Joint Property are owned by the Operator's Affiliate, charges to the Joint Account shall not exceed average commercial rates prevailing in the area of the Joint Property. The Operator shall adequately document and support commercial rates and shall periodically review and update the rate and the supporting documentation.

13. ECOLOGICAL, ENVIRONMENTAL, AND SAFETY

Costs incurred for Technical Services and drafting to comply with ecological, environmental or safety Laws or standards recommended by Occupational Safety and Health Administration (OSHA) or other regulatory authorities. All other labor and functions incurred for ecological, environmental and safety matters, including management, administration, and permitting, shall be covered by Sections II.2 (Labor), II.5 (Services), or Section III (Overhead), as applicable.

Costs to provide or have available pollution containment and removal equipment plus actual costs of control and cleanup and resulting responsibilities of oil and other spills as well as discharges from permitted outfalls as required by applicable Laws, or other pollution containment and removal equipment deemed appropriate by the Operator for prudent operations, are directly chargeable.

14. ABANDONMENT AND RECLAMATION

Costs incurred for abandonment and reclamation of the Joint Property, including costs required by lease agreements or by Laws.

15. OTHER EXPENDITURES

Any other expenditure not covered or dealt with in the foregoing provisions of this Section II (*Direct Charges*), or in Section III (*Overhead*) and which is of direct benefit to the Joint Property and is incurred by the Operator in the necessary and proper conduct of the Joint Operations. Charges made under this Section II.15 shall require approval of the Parties, pursuant to Section I.6.A (*General Matters*).

III. OVERHEAD

As compensation for costs not specifically identified as chargeable to the Joint Account pursuant to Section II (*Direct Charges*), the Operator shall charge the Joint Account in accordance with this Section III.

Functions included in the overhead rates regardless of whether performed by the Operator, Operator's Affiliates or third parties and regardless of location, shall include, but not be limited to, costs and expenses of:

- warehousing, other than for warehouses that are jointly owned under this Agreement
- design and drafting (except when allowed as a direct charge under Sections II.13, III.1.A(ii), and III.2, Option B)
- inventory costs not chargeable under Section V (*Inventories of Controllable Material*)
- procurement
- administration
- accounting and auditing
- gas dispatching and gas chart integration
- human resources
- management
- supervision not directly charged under Section II.2 (*Labor*)
- legal services not directly chargeable under Section II.9 (*Legal Expense*)

- taxation, other than those costs identified as directly chargeable under Section II.10 (*Taxes and Permits*)
- preparation and monitoring of permits and certifications; preparing regulatory reports; appearances before or meetings with governmental agencies or other authorities having jurisdiction over the Joint Property, other than On-site inspections; reviewing, interpreting, or submitting comments on or lobbying with respect to Laws or proposed Laws.

Overhead charges shall include the salaries or wages plus applicable payroll burdens, benefits, and Personal Expenses of personnel performing overhead functions, as well as office and other related expenses of overhead functions.

1. OVERHEAD—DRILLING AND PRODUCING OPERATIONS

As compensation for costs incurred but not chargeable under Section II (*Direct Charges*) and not covered by other provisions of this Section III, the Operator shall charge on either:

☒ (Alternative 1) Fixed Rate Basis, Section III.1.B.

☐ (Alternative 2) Percentage Basis, Section III.1.C.

A. Technical Services

- (i) Except as otherwise provided in Section II.13 (*Ecological Environmental, and Safety*) and Section III.2 (*Overhead – Major Construction and Catastrophe*), or by approval of the Parties pursuant to Section I.6.A (*General Matters*), the salaries, wages, related payroll burdens and benefits, and Personal Expenses for **On-site** Technical Services, including third party Technical Services:

☒ (Alternative 1 – Direct) shall be charged direct to the Joint Account.

☐ (Alternative 2 – Overhead) shall be covered by the overhead rates.

- (ii) Except as otherwise provided in Section II.13 (*Ecological, Environmental, and Safety*) and Section III.2 (*Overhead – Major Construction and Catastrophe*), or by approval of the Parties pursuant to Section I.6.A (*General Matters*), the salaries, wages, related payroll burdens and benefits, and Personal Expenses for **Off-site** Technical Services, including third party Technical Services:

☒ (Alternative 1 – All Overhead) shall be covered by the overhead rates.

☐ (Alternative 2 – All Direct) shall be charged direct to the Joint Account.

☐ (Alternative 3 – Drilling Direct) shall be charged direct to the Joint Account, only to the extent such Technical Services are directly attributable to drilling, redrilling, deepening, or sidetracking operations, through completion, temporary abandonment, or abandonment if a dry hole. Off-site Technical Services for all other operations, including workover, recompletion, abandonment of producing wells, and the construction or expansion of fixed assets not covered by Section III.2 (*Overhead - Major Construction and Catastrophe*) shall be covered by the overhead rates.

Notwithstanding anything to the contrary in this Section III, Technical Services provided by Operator's Affiliates are subject to limitations set forth in Section II.7 (*Affiliates*). Charges for Technical personnel performing non-technical work shall not be governed by this Section III.1.A, but instead governed by other provisions of this Accounting Procedure relating to the type of work being performed.

B. Overhead—Fixed Rate Basis

- (1) The Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rate per month \$ 8,500.00 (prorated for less than a full month)

Producing Well Rate per month \$ 675.00

- (2) Application of Overhead—Drilling Well Rate shall be as follows:

- (a) Charges for onshore drilling wells shall begin on the spud date and terminate on the date the drilling and/or completion equipment used on the well is released, whichever occurs later. Charges for offshore and inland waters drilling wells shall begin on the date the drilling or completion equipment arrives on location and terminate on the date the drilling or completion equipment moves off location, or is released, whichever occurs first. No charge shall be made during suspension of drilling and/or completion operations for fifteen (15) or more consecutive calendar days.
- (b) Charges for any well undergoing any type of workover, recompletion, and/or abandonment for a period of five (5) or more consecutive work days shall be made at the Drilling Well Rate. Such charges shall be applied for the period from date operations, with rig or other units used in operations, commence through date of rig or other unit release, except that no charges shall be made during suspension of operations for fifteen (15) or more consecutive calendar days.

- (3) Application of Overhead — Producing Well Rate shall be as follows:

- (a) An active well that is produced, injected into for recovery or disposal, or used to obtain water supply to support operations for any portion of the month shall be considered as a one-well charge for the entire month.
- (b) ~~Each active completion in a multi-completed well shall be considered as a one-well charge provided each completion is considered a separate well by the governing regulatory authority.~~
- (c) A one-well charge shall be made for the month in which plugging and abandonment operations are completed on any well, unless the Drilling Well Rate applies, as provided in Sections III.1.B.(2)(a) or (b). This one-well charge shall be made whether or not the well has produced.
- (d) An active gas well shut in because of overproduction or failure of a purchaser, processor, or transporter to take production shall be considered as a one-well charge provided the gas well is directly connected to a permanent sales outlet.

- (e) Any well not meeting the criteria set forth in Sections III.1.B.(3) (a), (b), (c), or (d) shall not qualify for a producing overhead charge.
- (4) The well rates shall be adjusted on the first day of April each year following the effective date of the Agreement; provided, however, if this Accounting Procedure is attached to or otherwise governing the payout accounting under a farmout agreement, the rates shall be adjusted on the first day of April each year following the effective date of such farmout agreement. The adjustment shall be computed by applying the adjustment factor most recently published by COPAS. The adjusted rates shall be the initial or amended rates agreed to by the Parties increased or decreased by the adjustment factor described herein, for each year from the effective date of such rates, in accordance with COPAS MFI-47 ("Adjustment of Overhead Rates").

C. Overhead—Percentage Basis

- (1) Operator shall charge the Joint Account at the following rates:

- (a) Development Rate _____ Percent (_____ %) of the cost of development of the Joint Property, exclusive of costs provided under Section II.9 (*Legal Expense*) and all Material salvage credits.
- (b) Operating Rate _____ Percent (_____ %) of the cost of operating the Joint Property, exclusive of costs provided under Sections II.1 (*Rentals and Royalties*) and II.9 (*Legal Expense*); all Material salvage credits; the value of substances purchased for enhanced recovery; all property and ad valorem taxes, and any other taxes and assessments that are levied, assessed, and paid upon the mineral interest in and to the Joint Property.

- (2) Application of Overhead—Percentage Basis shall be as follows:

- (a) The Development Rate shall be applied to all costs in connection with:

- [i] drilling, redrilling, sidetracking, or deepening of a well
- [ii] a well undergoing plugback or workover operations for a period of five (5) or more consecutive work days
- [iii] preliminary expenditures necessary in preparation for drilling
- [iv] expenditures incurred in abandoning when the well is not completed as a producer
- [v] construction or installation of fixed assets, the expansion of fixed assets and any other project clearly discernible as a fixed asset, other than Major Construction or Catastrophe as defined in Section III.2 (*Overhead Major Construction and Catastrophe*).

- (b) The Operating Rate shall be applied to all other costs in connection with Joint Operations, except those subject to Section III.2 (*Overhead Major Construction and Catastrophe*).

2. OVERHEAD—MAJOR CONSTRUCTION AND CATASTROPHE

To compensate the Operator for overhead costs incurred in connection with a Major Construction project or Catastrophe, the Operator shall either negotiate a rate prior to the beginning of the project, or shall charge the Joint Account for overhead based on the following rates for any Major Construction project in excess of the Operator's expenditure limit under the Agreement, or for any Catastrophe regardless of the amount. If the Agreement to which this Accounting Procedure is attached does not contain an expenditure limit, Major Construction Overhead shall be assessed for any single Major Construction project costing in excess of \$100,000 gross.

Major Construction shall mean the construction and installation of fixed assets, the expansion of fixed assets, and any other project clearly discernible as a fixed asset required for the development and operation of the Joint Property, or in the dismantlement, abandonment, removal, and restoration of platforms, production equipment, and other operating facilities.

Catastrophe is defined as a sudden calamitous event bringing damage, loss, or destruction to property or the environment, such as an oil spill, blowout, explosion, fire, storm, hurricane, or other disaster. The overhead rate shall be applied to those costs necessary to restore the Joint Property to the equivalent condition that existed prior to the event.

A. If the Operator absorbs the engineering, design and drafting costs related to the project:

- (1) 5 % of total costs if such costs are less than \$100,000; plus
- (2) 3 % of total costs in excess of \$100,000 but less than \$1,000,000; plus
- (3) 2 % of total costs in excess of \$1,000,000.

B. If the Operator charges engineering, design and drafting costs related to the project directly to the Joint Account:

- (1) 5 % of total costs if such costs are less than \$100,000; plus
- (2) 3 % of total costs in excess of \$100,000 but less than \$1,000,000; plus
- (3) 2 % of total costs in excess of \$1,000,000.

Total cost shall mean the gross cost of any one project. For the purpose of this paragraph, the component parts of a single Major Construction project shall not be treated separately, and the cost of drilling and workover wells and purchasing and installing pumping units and downhole artificial lift equipment shall be excluded. For Catastrophes, the rates shall be applied to all costs associated with each single occurrence or event.

On each project, the Operator shall advise the Non-Operator(s) in advance which of the above options shall apply.

For the purposes of calculating Catastrophe Overhead, the cost of drilling relief wells, substitute wells, or conducting other well operations directly resulting from the catastrophic event shall be included. Expenditures to which these rates apply shall not be reduced by salvage or insurance recoveries. Expenditures that qualify for Major Construction or Catastrophe Overhead shall not qualify for overhead under any other overhead provisions.

Regardless of whether using CEPS or manually calculating transportation costs, transportation costs from the Railway Receiving Point to the Joint Property are in addition to the foregoing, and may be charged to the Joint Account based on actual costs incurred. All transportation costs are subject to Equalized Freight as provided in Section II.4 (*Transportation*) of this Accounting Procedure.

C. TAXES

Sales and use taxes shall be added to the Material transfer price using either the method contained in the COPAS Computerized Equipment Pricing System (CEPS) or the applicable tax rate in effect for the Joint Property at the time and place of transfer. In either case, the Joint Account shall be charged or credited at the rate that would have governed had the Material been a direct purchase.

D. CONDITION

(1) Condition "A" – New and unused Material in sound and serviceable condition shall be charged at one hundred percent (100%) of the price as determined in Sections IV.2.A (*Pricing*), IV.2.B (*Freight*), and IV.2.C (*Taxes*). Material transferred from the Joint Property that was not placed in service shall be credited as charged without gain or loss; provided, however, any unused Material that was charged to the Joint Account through a direct purchase will be credited to the Joint Account at the original cost paid less restocking fees charged by the vendor. New and unused Material transferred from the Joint Property may be credited at a price other than the price originally charged to the Joint Account provided such price is approved by the Parties owning such Material, pursuant to Section I.6.A (*General Matters*). All refurbishing costs required or necessary to return the Material to original condition or to correct handling, transportation, or other damages will be borne by the divesting property. The Joint Account is responsible for Material preparation, handling, and transportation costs for new and unused Material charged to the Joint Property either through a direct purchase or transfer. Any preparation costs incurred, including any internal or external coating and wrapping, will be credited on new Material provided these services were not repeated for such Material for the receiving property.

(2) Condition "B" – Used Material in sound and serviceable condition and suitable for reuse without reconditioning shall be priced by multiplying the price determined in Sections IV.2.A (*Pricing*), IV.2.B (*Freight*), and IV.2.C (*Taxes*) by seventy-five percent (75%).

Except as provided in Section IV.2.D(3), all reconditioning costs required to return the Material to Condition "B" or to correct handling, transportation or other damages will be borne by the divesting property.

If the Material was originally charged to the Joint Account as used Material and placed in service for the Joint Property, the Material will be credited at the price determined in Sections IV.2.A (*Pricing*), IV.2.B (*Freight*), and IV.2.C (*Taxes*) multiplied by sixty-five percent (65%).

Unless otherwise agreed to by the Parties that paid for such Material, used Material transferred from the Joint Property that was not placed in service on the property shall be credited as charged without gain or loss.

- (3) Condition "C" – Material that is not in sound and serviceable condition and not suitable for its original function until after reconditioning shall be priced by multiplying the price determined in Sections IV.2.A (*Pricing*), IV.2.B (*Freight*), and IV.2.C (*Taxes*) by fifty percent (50%).

The cost of reconditioning may be charged to the receiving property to the extent Condition "C" value, plus cost of reconditioning, does not exceed Condition "B" value.

- (4) Condition "D" – Material that (i) is no longer suitable for its original purpose but useable for some other purpose, (ii) is obsolete, or (iii) does not meet original specifications but still has value and can be used in other applications as a substitute for items with different specifications, is considered Condition "D" Material. Casing, tubing, or drill pipe used as line pipe shall be priced as Grade A and B seamless line pipe of comparable size and weight. Used casing, tubing, or drill pipe utilized as line pipe shall be priced at used line pipe prices. Casing, tubing, or drill pipe used as higher pressure service lines than standard line pipe, e.g., power oil lines, shall be priced under normal pricing procedures for casing, tubing, or drill pipe. Upset tubular goods shall be priced on a non-upset basis. For other items, the price used should result in the Joint Account being charged or credited with the value of the service rendered or use of the Material, or as agreed to by the Parties pursuant to Section 1.6.A (*General Matters*).

- (5) Condition "E" – Junk shall be priced at prevailing scrap value prices.

E. OTHER PRICING PROVISIONS

(1) Preparation Costs

Subject to Section II (*Direct Charges*) and Section III (*Overhead*) of this Accounting Procedure, costs incurred by the Operator in making Material serviceable including inspection, third party surveillance services, and other similar services will be charged to the Joint Account at prices which reflect the Operator's actual costs of the services. Documentation must be provided to the Non-Operators upon request to support the cost of service. New coating and/or wrapping shall be considered a component of the Materials and priced in accordance with Sections IV.1 (*Direct Purchases*) or IV.2.A (*Pricing*), as applicable. No charges or credits shall be made for used coating or wrapping. Charges and credits for inspections shall be made in accordance with COPAS MFI-38 ("Material Pricing Manual").

(2) Loading and Unloading Costs

Loading and unloading costs related to the movement of the Material to the Joint Property shall be charged in accordance with the methods specified in COPAS MFI-38 ("Material Pricing Manual").

3. DISPOSITION OF SURPLUS

Surplus Material is that Material, whether new or used, that is no longer required for Joint Operations. The Operator may purchase, but shall be under no obligation to purchase, the interest of the Non-Operators in surplus Material.

Dispositions for the purpose of this procedure are considered to be the relinquishment of title of the Material from the Joint Property to either a third party, a Non-Operator, or to the Operator. To avoid the accumulation of surplus Material, the Operator should make good faith efforts to dispose of surplus within twelve (12) months through buy/sale agreements, trade, sale to a third party, division in kind, or other dispositions as agreed to by the Parties.

Disposal of surplus Materials shall be made in accordance with the terms of the Agreement to which this Accounting Procedure is attached. If the Agreement contains no provisions governing disposal of surplus Material, the following terms shall apply:

- The Operator may, through a sale to an unrelated third party or entity, dispose of surplus Material having a gross sale value that is less than or equal to the Operator's expenditure limit as set forth in the Agreement to which this Accounting Procedure is attached without the prior approval of the Parties owning such Material.
- If the gross sale value exceeds the Agreement expenditure limit, the disposal must be agreed to by the Parties owning such Material.
- Operator may purchase surplus Condition "A" or "B" Material without approval of the Parties owning such Material, based on the pricing methods set forth in Section IV.2 (*Transfers*).
- Operator may purchase Condition "C" Material without prior approval of the Parties owning such Material if the value of the Materials, based on the pricing methods set forth in Section IV.2 (*Transfers*), is less than or equal to the Operator's expenditure limitation set forth in the Agreement. The Operator shall provide documentation supporting the classification of the Material as Condition C.
- Operator may dispose of Condition "D" or "E" Material under procedures normally utilized by Operator without prior approval of the Parties owning such Material.

4. SPECIAL PRICING PROVISIONS

A. PREMIUM PRICING

Whenever Material is available only at inflated prices due to national emergencies, strikes, government imposed foreign trade restrictions, or other unusual causes over which the Operator has no control, for direct purchase the Operator may charge the Joint Account for the required Material at the Operator's actual cost incurred in providing such Material, making it suitable for use, and moving it to the Joint Property. Material transferred or disposed of during premium pricing situations shall be valued in accordance with Section IV.2 (*Transfers*) or Section IV.3 (*Disposition of Surplus*), as applicable.

B. SHOP-MADE ITEMS

Items fabricated by the Operator's employees, or by contract laborers under the direction of the Operator, shall be priced using the value of the Material used to construct the item plus the cost of labor to fabricate the item. If the Material is from the Operator's scrap or junk account, the Material shall be priced at either twenty-five percent (25%) of the current price as determined in

Section IV.2.A (*Pricing*) or scrap value, whichever is higher. In no event shall the amount charged exceed the value of the item commensurate with its use.

C. MILL REJECTS

Mill rejects purchased as "limited service" casing or tubing shall be priced at eighty percent (80%) of K-55/J-55 price as determined in Section IV.2 (*Transfers*). Line pipe converted to casing or tubing with casing or tubing couplings attached shall be priced as K-55/J-55 casing or tubing at the nearest size and weight.

V. INVENTORIES OF CONTROLLABLE MATERIAL

The Operator shall maintain records of Controllable Material charged to the Joint Account, with sufficient detail to perform physical inventories.

Adjustments to the Joint Account by the Operator resulting from a physical inventory of Controllable Material shall be made within twelve (12) months following the taking of the inventory or receipt of Non-Operator inventory report. Charges and credits for overages or shortages will be valued for the Joint Account in accordance with Section IV.2 (*Transfers*) and shall be based on the Condition "B" prices in effect on the date of physical inventory unless the inventorying Parties can provide sufficient evidence another Material condition applies.

1. DIRECTED INVENTORIES

Physical inventories shall be performed by the Operator upon written request of a majority in working interests of the Non-Operators (hereinafter, "directed inventory"); provided, however, the Operator shall not be required to perform directed inventories more frequently than once every five (5) years. Directed inventories shall be commenced within one hundred eighty (180) days after the Operator receives written notice that a majority in interest of the Non-Operators has requested the inventory. All Parties shall be governed by the results of any directed inventory.

Expenses of directed inventories will be borne by the Joint Account; provided, however, costs associated with any post-report follow-up work in settling the inventory will be absorbed by the Party incurring such costs. The Operator is expected to exercise judgment in keeping expenses within reasonable limits. Any anticipated disproportionate or extraordinary costs should be discussed and agreed upon prior to commencement of the inventory. Expenses of directed inventories may include the following:

- A. A per diem rate for each inventory person, representative of actual salaries, wages, and payroll burdens and benefits of the personnel performing the inventory or a rate agreed to by the Parties pursuant to Section I.6.A (*General Matters*). The per diem rate shall also be applied to a reasonable number of days for pre-inventory work and report preparation.
- B. Actual transportation costs and Personal Expenses for the inventory team.
- C. Reasonable charges for report preparation and distribution to the Non-Operators.

2. NON-DIRECTED INVENTORIES

A. OPERATOR INVENTORIES

Physical inventories that are not requested by the Non-Operators may be performed by the Operator, at the Operator's discretion. The expenses of conducting such Operator-initiated inventories shall not be charged to the Joint Account.

B. NON-OPERATOR INVENTORIES

Subject to the terms of the Agreement to which this Accounting Procedure is attached, the Non-Operators may conduct a physical inventory at reasonable times at their sole cost and risk after giving the Operator at least ninety (90) days prior written notice. The Non-Operator inventory report shall be furnished to the Operator in writing within ninety (90) days of completing the inventory fieldwork.

C. SPECIAL INVENTORIES

The expense of conducting inventories other than those described in Sections V.1 (*Directed Inventories*), V.2.A (*Operator Inventories*), or V.2.B (*Non-Operator Inventories*), shall be charged to the Party requesting such inventory; provided, however, inventories required due to a change of Operator shall be charged to the Joint Account in the same manner as described in Section V.1 (*Directed Inventories*).

IV. Excess Liability/Umbrella Insurance

This policy provides coverage excess of the underlying Employers Liability, Comprehensive General Liability and Comprehensive Automobile Liability.

Limit of Liability:

\$10,000,000. Combined Single Limit Bodily Injury and Property Damage each occurrence.

Including:

Waiver of Subrogation
Additional Insured
Thirty (30) days notice of cancellation

V. Additional Provisions

1. The premiums paid for all such insurance policies carried by the Operator shall be charged to the Joint Account of the parties hereto. Losses for which no insurance is required to be carried or in excess of the limits set forth above, shall be borne by parties in proportion to their respective interests herein and shall be charged to the Joint Account.
2. Non-Operator may be excluded from Operator's coverage described in Paragraph II through IV above only after furnishing:
 - a. Express written election to be excluded, and
 - b. Insurance Certificate reflecting current and adequate coverage for its participation interest or notice of its self-insurance program for those portions of the coverages not reflected on the Certificate of Insurance.
3. Operator shall require all contractors and subcontractors (including the drilling contractor) working or performing services hereunder to comply with the Worker's Compensation and Employer's Liability Laws, both State and Federal, and to carry Commercial General Liability with limits at minimum as specified above and such other insurance as operator deems necessary. The Certificate of Insurance will name Operator and Non-Operator(s) as additional insured (except with respect to Worker's Compensation/ Employer's Liability) with waiver of subrogation and thirty (30) days notice of cancellation or material change.
4. Operator shall furnish upon written request to the Non-Operator(s) a certificate of insurance verifying each policy required pursuant to this Agreement.

EXHIBIT "E"

Attached to that certain Operating Agreement dated September 10, 2010
by and between Newfield Production Company, as Operator,
and Heirs of C. Geraldine Daniels, et al, as Non-Operators

Gas Balancing Agreement**1. Ownership of Gas Production**

- a. It is the intent of the parties that each party shall have the right to take in kind and separately dispose of its proportionate share of gas (including casinghead gas) produced from each well located on the acreage (the "Contract Area") covered by the Operating Agreement to which this Exhibit is attached ("Operating Agreement").
- b. Operator shall control the gas production and be responsible for administering the provisions of this Agreement and shall make reasonable efforts to deliver or cause to be delivered gas to the parties' gas purchasers as may be required in order to balance the accounts of the parties in accordance with the provisions herein contained. For purposes of this Agreement, Operator shall maintain production accounts of the parties based on the number of MMBtu's actually contained in the gas produced from a particular well and delivered at the outlet of lease equipment for each party's account, regardless of whether sales of the gas are made on a wet or dry basis. All references in this Agreement to quantity or volume shall refer to the number of MMBtu's contained in the gas stream. Toward this end, Operator shall periodically determine or cause to be determined the BTU content of gas produced from each well on a consistent basis and under standard conditions pursuant to any method customarily used in the industry.

2. Balancing of Production Accounts

- a. Any time a party, or such party's purchaser, is not taking or marketing its full share or any portion thereof of gas produced from a particular well (a "Non-Marketing Party"), the remaining parties (the "Marketing Parties") shall have the right, but not the obligation, to produce, take, sell, and deliver for the Marketing Parties' accounts, in addition to the full share of gas to which the Marketing Parties are otherwise entitled, all of the gas attributable to a Non-Marketing Party which is not currently being marketed by such party. That portion of the gas produced which is attributable to a Non-Marketing Party, not taken by such Non-Marketing Party, is referred to in this Agreement as "Overproduction". If there is more than one Marketing Party taking gas attributable to a Non-Marketing Party, each Marketing Party shall be entitled to take a Non-Marketing Party's gas in the ratio that the Marketing Party's interest in production bears to the total interest in production of all Marketing Parties; provided, however, that such gas shall be made available initially to each Underproduced Party in the proportion that its interest in the Contract Area bears to the total interests of all Underproduced Parties desiring to take such gas. If all such gas is not taken by the Underproduced Parties, the portion not taken shall then be made available to the other parties in the proportion that their respective interests in the Contract Area bear to the total interest of such other parties. Each Marketing Party shall be credited with such Overproduction toward its working interest share of recoverable reserves as determined pursuant to Paragraph 2(e).
- b. A party that has not taken its proportionate share of gas produced from any well (an "Underproduced Party") shall be credited with gas in storage equal to its share of gas produced but not taken, less its share of gas used in lease operations, vented or lost (the "Underproduction"). Such Underproduced Party, upon giving not less than fifteen (15) days written notice to Operator, shall be entitled, on a monthly basis beginning the month following receipt of notice, to produce, take, sell, and deliver, in addition to the full share of gas to which that party is otherwise entitled, a quantity of gas ("Make-up Gas") equal to fifty percent (50%) of the total share of gas attributable to all parties having cumulative Overproduction (individually called an "Overproduced Party").
- c. Such Make-up Gas shall be credited against the Underproduced Party's accrued Underproduction in order of accrual (first in, first out accounting method). Notwithstanding the foregoing and subject to subsection (f) below: (i) an Overproduced Party shall never be obligated to reduce its takes to less than fifty percent (50%) of the quantity to which the party is otherwise entitled and (ii) any Overproduced Party shall never be obligated to reduce the take to which such party is otherwise entitled during the production months of November, December, January, February and March.

- d. If there is more than one Underproduced Party desiring Make-up Gas, each Underproduced Party shall be entitled to Make-up Gas in the ratio that such party's interest in production bears to the total interest in production of all Underproduced Parties then desiring Make-up Gas. Any portion of the Make-up Gas to which an Underproduced Party is entitled and which is not taken by the Underproduced Party may be taken by any other Underproduced Party(ies).
- e. If there is more than one Overproduced Party required to furnish Make-up Gas, each Overproduced Party shall furnish Make-up Gas in the ratio that the party's interest in production bears to the total interest in production of all Overproduced Parties then required to furnish Make-up Gas. Except as provided in (e) below, each Overproduced Party in any well shall be entitled, on a monthly basis, to take its full share of gas less its share of the Make-up Gas then being produced from the particular well in which it is overproduced.
- f. If any party, in good faith reliance upon a reputable third party engineering reserve report, believes an Overproduced Party has recovered one hundred percent (100%) of that Overproduced Party's share of the recoverable reserves from a particular well, such Overproduced Party, on being notified in writing of that fact by Operator, or any Non-Operator in the event Operator is the party to whom such notice is directed, shall cease taking gas from such well and the remaining parties shall be entitled to take one hundred percent (100%) of such production until the accounts of the Parties are balanced. Thereafter, the Overproduced Party shall again have the right to take its share of the remaining production, if any, in accordance with the provisions herein contained. Provided, however, after an Overproduced Party has recovered one hundred percent (100%) or more of its full share of the recoverable reserves as determined herein above from a particular well, the Overproduced Party may continue to produce if such continued production is: (i) necessary for lease maintenance purposes; or, (ii) permitted by a majority of interest of the parties who have not produced one hundred percent (100%) of their recoverable reserves from such well, such majority approval to be evidenced by a written ballot conducted by Operator, or (iii) a subsequent third party engineering report indicates an upward revision in reserves that would result in such party not having produced one hundred percent (100%) of its recoverable reserves. For purposes of this Agreement, such engineering reserve reports may not be commissioned more than twice each calendar year.

3. Cash Balancing

- a. If gas production from a particular well ceases and no attempt is made to restore production (or substitute therefore) within one hundred eighty (180) days thereafter, Operator shall distribute, within two hundred ten (210) days of the date the well last produced gas, a statement of net unrecouped Underproduction and Overproduction and the months and years in which such unrecouped production accrued (the "Final Accounting").
- b. Within thirty (30) days of receipt of such Final Accounting, each Overproduced Party shall remit to Operator for disbursement to the Underproduced Party a sum of money (which sum shall not include interest) equal to the amount actually received or constructively received, under subparagraph (e) below, by such Overproduced Party for sales during the month(s) of Overproduction, calculated in order of accrual, but less applicable taxes, royalties, and reasonable costs of marketing and transporting such gas actually paid by such Overproduced Party. Such remittance shall be based on the number of MMBtu's of Overproduction and shall be accompanied by a statement showing the volumes and prices for each month with accrued unrecouped Overproduction.
- c. Within thirty (30) days of receipt of any remittance by Operator from an Overproduced Party, Operator shall disburse such funds to the Underproduced Party(ies) in accordance with the Final Accounting. Operator assumes no liability with respect to any payment (unless such payment is attributable to Operator's overproduction), it being the intent of the parties that each Overproduced Party shall be solely responsible for reimbursing each Underproduced Party for such Underproduced Party's respective share of overproduction taken by such Overproduced Party in accordance with the provisions herein contained. If any Party fails to pay any sum due under the terms hereof after demand by the Operator, the Operator shall turn responsibility for the collection of such sum to the Underproduced Party(ies) to whom it is owed, upon which Operator shall have no further responsibility for collection.

- d. In determining the amount of Overproduction for which settlement is due, production taken during any month by an Underproduced Party in excess of the Underproduced Party's share shall be treated as Make-up and shall be applied to reduce prior deficits in the order of accrual of those deficits.
- e. If a portion of an Overproduced Party's gas production is disposed of for its own use, the price for such gas will be the price received for any gas disposed of by such party in arm's length transactions. During periods when an Overproduced Party disposed of gas for its own use, sold gas to an affiliate for a net price less than the spot price as defined below, or had no gas sales, overproduction will be valued at the weighted average price received simultaneously by all parties for gas disposed of in arm's length transactions at that time. If no party sold gas on an arm's length basis when the overproduction occurred, then the price shall be determined by using the quoted index price per MMBTU as published in the first issue of the month of production of Inside FERC's Gas Market Report in the table entitled "Prices of Spot Gas Delivered to Pipelines" (as such may be retitled) for the nearest delivery pooling point, less tariff transportation, gathering (if any), dehydration and other treating costs back to the point of title transfer. If such Gas Market Report (as such may be retitled) ceases to be published then the index will be subject to the negotiation in order to obtain a mutually acceptable substitute report. A price determined for gas production not sold by the Overproduced Party shall be deemed to have been constructively received by such party.
- f. If any refunds are later required by any governmental authority, each party shall be accountable for its respective share of such refunds, as finally balanced hereunder.
- g. Notwithstanding the above, at the election of an Overproduced Party (but not more than once in a calendar year), any Overproduced Party may call for the preparation and distribution of a statement of net current unrecouped Underproduction and Overproduction and the months and years in which such unrecouped production accrued ("Interim Accounting") which shall be determined in accordance with this paragraph. Pursuant to the provisions herein and based upon such Interim Accounting, any Overproduced Party so electing in its own discretion may pay its remittance to Operator for subsequent disbursement to the appropriate Underproduced Party(ies) and such Overproduced Party shall be in balance.

4. Deliverability Tests

At the request of any party, Operator may produce the entire well stream for a deliverability test not to exceed seventy-two (72) hours in duration (or such longer period of time as may be mutually agreed upon by the parties) if required under the requesting party's gas sales or transportation contract.

5. Nominations

Each party shall, on a monthly basis, give Operator sufficient time and data either to nominate such party's respective share of gas to the transporting pipeline(s) or, if Operator is not nominating such party's gas, to inform Operator of the manner in which to dispatch such party's gas. Except as, and to the extent caused by Operator's gross negligence or willful misconduct, Operator shall not be responsible for any fees and/or penalties associated with imbalances charged by any pipeline to any Non-Operators.

6. Statements

On or before the twenty-fifth (25th) day of the month following the month of production, each party taking gas shall furnish or cause to be furnished to Operator a statement of gas taken, expressed in terms of MMBtu's. If actual volume information sufficient to prepare such statement is not made available to the taking party in sufficient time to prepare it, such taking party shall nevertheless furnish a statement of its good faith estimate of the volumes taken and shall furnish Operator with a revised statement as soon as actual volume information is available. Within twenty (20) days of the receipt of all such statements, Operator shall furnish each party a statement of the gas balance among the Parties, including the total quantity of gas produced from each well, the portion thereof used in operations, vented or lost, and the total quantity delivered for each party's account. Any error or discrepancy in Operator's monthly statement shall be promptly reported to Operator and Operator shall make a proper adjustment within thirty (30) days after final determination of the correct quantities involved; provided, however, if no errors or discrepancies are reported to Operator within two (2) years from the date of any statement, the statement shall be conclusively deemed to be correct. Additionally, within ninety (90) days from the end of each calendar year, or from a transfer of interest of a party hereto, non-operators or

such transferring party shall furnish Operator, for the sole purpose of establishing records sufficient to verify cash balancing values, a statement reflecting amounts actually received or constructively received under paragraph 3.(c), on a monthly basis, for the year preceding the calendar year. Any party who fails to provide such statements shall be notified in Operator of its delinquency. If the delinquent statements are not received by Operator within thirty (30) days from the delinquent party's receipt of such notice, Operator shall not allow the delinquent party to produce gas for its account when such party is delinquent in so furnishing the statements.

7. Payment of Taxes

Each Party taking gas shall pay or cause to be paid any and all production, severance, utility, sales, excise, or other taxes due on that gas.

8. Operating Expenses

The operating expenses are to be borne as provided in the Operating Agreement, regardless of whether all parties are selling or using gas or whether the sales and use of each are in proportion to their respective interests in the gas.

9. Overproducing Allowable

Each party shall give Operator sufficient time and data to enable Operator to make appropriate nominations, forecasts and/or filings with the regulatory bodies having jurisdiction to establish allowables. Each party shall at all times regulate its takes and deliveries from the Contract Area so that the well(s) covered hereby shall not curtailed and/or shut-in for overproducing the assigned allowable production by the regulatory body having jurisdiction.

10. Payment of Royalties

- a. At all times while gas is produced from the Contract Area, each Marketing Party shall make appropriate payment of all royalties, overriding royalties and other payments out of or in lieu of production ("Royalties") burdening its interest based on the actual volume of gas taken or delivered by such Marketing Party, exclusive of gas used in operations, vented, or lost and each party shall protect, indemnify and hold harmless all other parties from any and all claims relating thereto.
- b. It is the intent of the parties that Royalties be paid in accordance with Article 10(a). However, if such arrangement is superseded by statute, rule, regulation, order or any decision by a court having jurisdiction therefore, each party (whether a Marketing Party or Non-Marketing Party) to the extent required to comply with such decision, shall make appropriate payment of all Royalties burdening its interest just as if each such party was taking or delivering its full share and only its full share of such gas production, exclusive of gas used in operations, vented or lost, and each party shall protect, indemnify and hold harmless all other parties from any and all claims relating thereto.

11. Application of Agreement

The provisions of this Agreement shall be separately applicable and shall constitute a separate agreement with respect to gas produced from each well located on the Contract Area.

12. Term

This Agreement shall terminate when gas production under the Operating Agreement permanently ceases and the accounts of the parties are finally settled in accordance with its provisions.

13. Operator's Liability

Except as otherwise provided herein, Operator is authorized to administer the provisions of this Agreement, but shall have no liability to the other parties for losses sustained or liability incurred which arise out of or in connection with the performance of Operator's duties hereunder except such as may result from Operator's gross negligence or willful misconduct.

14. Audits

Any Underproduced Party shall have the right for a period of two (2) years after receipt of payment pursuant to a Final Accounting and after giving written notice to all parties, to audit an Overproduced Party's accounts and receipts relating to a payment. Any Overproduced Party shall

have the right for a period of two (2) years after tender of payment for unrecouped volumes and on giving written notice to all parties, to audit an Underproduced Party's records as to volumes. The party conducting such audit shall bear the costs of the audit. Additionally, Operator shall have the right for a period of two (2) years after receipt of an annual statement from a non-operator, under paragraph 6 after giving written notice to the affected non-operator, to audit such non-operator's accounts and records relating to such payment. The costs of the audit shall be borne by the joint account.

15. Successors and Assigns

The terms, covenants, and conditions of this Agreement shall be binding upon and shall inure to the benefit of the parties and to their respective successors and assigns, and may be assigned in whole or in part from time to time; provided, however that (a) any such assignment shall be made subject to the Operating Agreement to which this Agreement is attached (if any) and as among the parties shall not be valid without the written acceptance of the terms of the Agreement by the Assignee; (b) the Assignee shall acquire such interest subject to any Overproduction and/or Underproduction imbalances existing at such time as well as any cash balancing obligation created thereby.

16. Liquefiable Hydrocarbons Not Covered Under Agreement

The Parties shall share proportionately in and own all liquid hydrocarbons recovered with the gas sales by lease equipment, in accordance with their respective interests.

17. Conflict

If there is a conflict between the terms of this Agreement and the terms of any gas sales contract covering the Contract Area entered into by any party, the terms of this Agreement shall govern.

18. Arbitration

Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and judgment upon the award may be entered in any Court having jurisdiction thereof. The arbitrator shall not award punitive or consequential damages in settlement of any controversy or claim.

19. Operator's Fees

Operator shall charge the Underproduced Parties (in proportion of each Underproduced Parties' cumulative volume of Underproduction divided by the total cumulative volume of Underproduction of all Underproduced Parties) the lesser of actual costs incurred in maintaining the accounts which are not covered by the COPAS allowances or Two Hundred Dollars (\$200.00) per month per well for each month during which Operator maintains accounts hereunder for such well. Escalation of this fee shall be allowed annually pursuant to the published COPAS guidelines.

(END OF EXHIBIT "E")



Authorization for Expenditure

Operator
NEWFIELD PRODUCTION COMPANY
Outside Operated AFE No.

AFE No:	Revision/Supp. #
22511	
Report Center:	DOI Number
500278633	172835

Name:	Unit:	AFE Type:	Estimated Start Date:	Projected TD:
RIO GRANDE 9-13-4-1W	MYTON	Drilling	08/16/2010	7000
Objective:	Location:	Project Description:		
Green River	NESE SEC 13 T4S R1W UINTAH Co. UT	Drill & Complete Green River Well		

Cost Description	Intangible	Tangible	Total
Completion	\$ 207,628	\$ 383,540	\$ 591,168
DHC	\$ 174,110	\$ 64,867	\$ 238,977
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
Totals - Gross Costs	\$ 381,738	\$ 448,407	\$ 830,145

Joint Interest Owners	Oracle ID	Site No.	Working Interest	Net Cost
NEWFIELD PRODUCTION COMPANY	201	1	73.055560%	\$ 606,467
HEIRS OF C. GERALDINE DANIELS	113646	2	8.333333%	\$ 69,179
MAKE A WISH FOUNDATION	113645	2	5.000000%	\$ 41,507
JOANN COPE	113652	2	2.777778%	\$ 23,060
AMERICAN RED CROSS	113648	2	2.500000%	\$ 20,754
GERALD SANDERS JR	113649	2	3.888889%	\$ 32,283
IRMA SANDERS	113650	2	1.111111%	\$ 9,224
GEORGE E. SANDERS	113651	2	0.555555%	\$ 4,612
SHERYL SIMPLICAN	113653	2	0.462963%	\$ 3,843
DENISE TYMA	113654	2	0.462963%	\$ 3,843
RICHARD WINTERS	113655	1	0.462963%	\$ 3,843
CRYSTAL VAN ARSDELL	113656	2	0.462963%	\$ 3,843
KATHY MILLS	113657	2	0.231481%	\$ 1,922
STEPHEN WEAVER	113658	2	0.231481%	\$ 1,922
ROBERT MORRIS	113659	2	0.115740%	\$ 961
SAMUEL MORRIS	113660	2	0.115740%	\$ 961
STEPHANIE PETERSON	113661	2	0.115740%	\$ 961
HEIRS OF KAREN MCMILLAN	113662	2	0.115740%	\$ 961
				\$ -
				\$ -
Totals			100.000000%	\$ 830,145

General Comments

Project Coordinators	Title	Phone Number	Email Address
Stevens, Sean (SS)		303-3824447	sstevens@newfield.com

Newfield Exploration Company	
Company Representative	Date
<i>Kayann Evreland</i>	<i>9/13/10</i>

Partner	
Approved (Signature)	Date

**NEWFIELD PRODUCTION COMPANY
AUTHORITY FOR EXPENDITURE
DRILLING & COMPLETION**

AFE NO: 22511
LEASE & WELL NO.: RIO GRANDE 9-13-4-1W
LOCATION: NESE SEC 13 T4S R1W UINTAH Co. UT
OPERATOR: Newfield Production Company
DESCRIPTION: Drill & Complete Green River Well

DATE: 08/16/2010
UNIT: MYTON
OBJECTIVE: Green River
PROPOSED TD: 7000

DRILLING							ESTIMATED COSTS
880102	Cased Hole Electric Wireline						\$ -
880103	Casing Crews & Running Tools - Casing & Tubing						\$ -
880105	Cementing						\$ 6,240
880110	Consultants						\$ 3,000
880111	Core / Fluid Analysis						\$ -
880113	Directional Drilling Operations						\$ 10,000
880117	Environment & Safety						\$ 700
880120	Fluid/Cuttings Disposal						\$ -
880121	Formation Evaluation						\$ 5,900
880125	Hanger - Liner						\$ -
880129	Inspection - Bottom Hole Assembly						\$ -
880130	Inspection - Casing						\$ -
880131	Inspection - Drill Pipe						\$ -
880143	Location Preparation						\$ 24,400
880144	Location Remediation & Maintenance						\$ 750
880146	Miscellaneous Services						\$ 500
880147	Mud Logging Services						\$ -
880150	Rig Costs - Dayrate	5	Days	@	12700	\$/day	\$ 63,500
880151	Rig Costs - Footage		Feet	@	#####	\$/ft	\$ -
880152	Rig Costs - Turnkey						\$ 11,000
880153	Rig Mob & Demob						\$ 23,500
880156	Survey - Location						\$ 10,500
880160	Testing - Well Control Equipment						\$ 1,400
880162	Transportation - Land						\$ 500
880166	Welding						\$ 400
880301	Bits						\$ 12,500
880302	Blow Out Preventors						\$ -
880310	Drill String						\$ 11,200
880313	Fuel - Rigs / Platforms / LeaseA (Delivered)						\$ 13,300
880328	Miscellaneous Surface Equipment						\$ 1,000
880329	Mud - Drilling						\$ 10,000
880330	Mud Monitoring & Processing						\$ -
880341	Stabilizer, Under Reamer, Hole Opener						\$ -
880345	Tanks						\$ -
880346	Tools & Supplies						\$ -
880350	Water						\$ 8,000
880602	Casing Accessories						\$ 2,000
880607	Pipe - Conductor Casing						\$ 650
880608	Pipe - Surface Casing	300	Feet	@	18.39	\$/ft	\$ 5,517
880609	Pipe - Intermediate Casing						\$ -
880611	Pipe - Casing Liners						\$ -
880617	Wellhead						\$ 700
880503	Legal Fees						\$ -
880511	Regulatory Compliance						\$ 6,500
880501	Insurance						\$ 3,220
880963	Contingency				%		\$ -
880965	Overhead						\$ 2,100
TOTAL DRILLING COST (CASING POINT)							\$ 238,977

Continued On Page 2

COMPLETION

881102	Cased Hole Electric Wireline	\$	24,200
881103	Casing Crews & Running Tools - Casing & Tubing	\$	6,000
881105	Cementing	\$	20,928
881108	Coiled Tubing Units	\$	-
881110	Consultants	\$	-
881117	Environment & Safety	\$	-
881120	Fluid Disposal	\$	5,600
881122	Formation Stimulation - Fracturing	\$	61,000
881123	Formation Stimulation - Other	\$	-
881128	Hot Oiling Services	\$	5,000
881139	Labor - Company Supervision	\$	-
881140	Labor - Company Employees	\$	3,100
881141	Labor - Contract Employees	\$	5,600
881144	Location Remediation & Maintenance	\$	8,000
881146	Miscellaneous Services	\$	22,700
881150	Rig Costs - Dayrate	\$	20,000
881155	Slickline Services	\$	-
881159	Testing - Well & Well Flowback	\$	-
881162	Transportation - Land	\$	7,000
881166	Welding	\$	15,500
881302	Blow Out Preventors	\$	2,100
881304	Completion Fluids	\$	4,500

881305	Compressors	\$	-
881312	Facilities - Processing	\$	-
881317	Gas Measurement	\$	2,485
881321	Heaters - Indirect Line	\$	-
881322	Insulation	\$	16,000
881328	Miscellaneous Surface Equipment	\$	16,600
881335	Pipeline / Flowline	\$	3,900
881336	Pumps	\$	-
881337	Safety Equipment	\$	-
881340	Separators	\$	-
881345	Tanks	\$	41,717
881346	Tools & Supplies	\$	26,000
881347	Treaters	\$	26,065
881601	Artificial Lift	\$	98,000
881602	Casing Accessories	\$	2,250
881603	Miscellaneous Subsurface Equipment	\$	-
881604	Packers & Liner Hangers	\$	-
881610	Pipe - Production Casing	7000 Feet @ 11.43 \$/ft	\$ 80,010
881611	Pipe - Casing Liners		\$ -
881613	Pipe - Tubing	6850 Feet @ 5.68 \$/ft	\$ 38,908
881614	Rods	6850 Feet @ 3.30 \$/ft	\$ 22,605
881616	Tubing Accessories		\$ 750
881617	Wellhead		\$ 1,650

881502	Land Owner Fees	\$	-
881503	Legal Fees	\$	-
881511	Regulatory Compliance	\$	-
881501	Insurance	\$	-
881963	Contingency	%	\$ -
881965	Overhead		\$ 3,000

TOTAL COMPLETION COST**\$ 591,168****TOTAL AFE****\$ 830,145**



Authorization for Expenditure

Operator NEWFIELD PRODUCTION COMPANY
Outside Operated AFE No.

AFE No: 22512	Revision/Supp. #
Report Center: 600278635	DOI Number 172835

Name: RIO GRANDE 10-13-4-1W	Unit: MYTON	AFE Type: Drilling	Estimated Start Date: 08/16/2010	Projected TD: 7000
Objective: Green River	Location: NWSE SEC 13 T4S R1W UINTAH Co. UT	Project Description: Drill & Complete Green River Well		

Cost Description	Intangible	Tangible	Total
Completion	\$ 207,628	\$ 383,540	\$ 591,168
DHC	\$ 174,110	\$ 64,867	\$ 238,977
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
Totals - Gross Costs	\$ 381,738	\$ 448,407	\$ 830,145

Joint Interest Owners	Oracle ID	Site No.	Working Interest	Net Cost
NEWFIELD PRODUCTION COMPANY	201	1	73.055560%	\$ 606,467
HEIRS C. GERALDINE DANIELS	113646	2	8.333333%	\$ 69,179
MAKE A WISH FOUNDATION	113645	2	5.000000%	\$ 41,507
JOANN COPE	113652	2	2.777778%	\$ 23,060
AMERICAN RED CROSS	113648	2	2.500000%	\$ 20,754
GERALD SANDERS JR	113649	2	3.888889%	\$ 32,283
IRMA SANDERS	113650	2	1.111111%	\$ 9,224
GEORGE E. SANDERS	113651	2	0.555555%	\$ 4,612
SHERYL SIMPLICAN	113653	2	0.462963%	\$ 3,843
DENISE TYMA	113654	2	0.462963%	\$ 3,843
RICHARD WINTERS	113655	1	0.462963%	\$ 3,843
CRYSTAL VAN ARSDELL	113656	2	0.462963%	\$ 3,843
KATHY MILLS	113657	2	0.231481%	\$ 1,922
STEPHEN WEAVER	113658	2	0.231481%	\$ 1,922
ROBERT MORRIS	113659	2	0.115740%	\$ 961
SAMUEL MORRIS	113660	2	0.115740%	\$ 961
STEPHANIE PETERSON	113661	2	0.115740%	\$ 961
HEIRS OF KAREN MCMILLAN	113662	2	0.115740%	\$ 961
				\$ -
				\$ -
Totals			100.000000%	\$ 830,145

General Comments:

Project Coordinators	Title	Phone Number	Email Address
Stevens, Sean (SS)		303-3824447	ssstevens@newfield.com

Newfield Exploration Company	
Company Representative <i>Roxann Eerland</i>	Date 9/13/10

Partner	
Approved (Signature)	Date

**NEWFIELD PRODUCTION COMPANY
AUTHORITY FOR EXPENDITURE
DRILLING & COMPLETION**

AFE NO: 22512
LEASE & WELL NO.: RIO GRANDE 10-13-4-1W
LOCATION: NWSE SEC 13 T4S R1W UINTAH Co. UT
OPERATOR: Newfield Production Company
DESCRIPTION: Drill & Complete Green River Well

DATE: 08/16/2010
UNIT: MYTON
OBJECTIVE: Green River
PROPOSED TD: 7000

DRILLING						ESTIMATED COSTS	
880102	Cased Hole Electric Wireline					\$	-
880103	Casing Crews & Running Tools - Casing & Tubing					\$	-
880105	Cementing					\$	6,240
880110	Consultants					\$	3,000
880111	Core / Fluid Analysis					\$	-
880113	Directional Drilling Operations					\$	10,000
880117	Environment & Safety					\$	700
880120	Fluid/Cuttings Disposal					\$	-
880121	Formation Evaluation					\$	5,900
880125	Hanger - Liner					\$	-
880129	Inspection - Bottom Hole Assembly					\$	-
880130	Inspection - Casing					\$	-
880131	Inspection - Drill Pipe					\$	-
880143	Location Preparation					\$	24,400
880144	Location Remediation & Maintenance					\$	750
880146	Miscellaneous Services					\$	500
880147	Mud Logging Services					\$	-
880150	Rig Costs - Dayrate	5	Days	@	12700 \$/day	\$	63,500
880151	Rig Costs - Footage		Feet	@	##### \$/ft	\$	-
880152	Rig Costs - Turnkey					\$	11,000
880153	Rig Mob & Demob					\$	23,500
880156	Survey - Location					\$	10,500
880160	Testing - Well Control Equipment					\$	1,400
880162	Transportation - Land					\$	500
880166	Welding					\$	400
880301	Bits					\$	12,500
880302	Blow Out Preventors					\$	-
880310	Drill String					\$	11,200
880313	Fuel - Rigs / Platforms / LeaseA (Delivered)					\$	13,300
880328	Miscellaneous Surface Equipment					\$	1,000
880329	Mud - Drilling					\$	10,000
880330	Mud Monitoring & Processing					\$	-
880341	Stabilizer, Under Reamer, Hole Opener					\$	-
880345	Tanks					\$	-
880346	Tools & Supplies					\$	-
880350	Water					\$	8,000
880602	Casing Accessories					\$	2,000
880607	Pipe - Conductor Casing					\$	650
880608	Pipe - Surface Casing	300	Feet	@	18.39 \$/ft	\$	5,517
880609	Pipe - Intermediate Casing					\$	-
880611	Pipe - Casing Liners					\$	-
880617	Wellhead					\$	700
880503	Legal Fees					\$	-
880511	Regulatory Compliance					\$	6,500
880501	Insurance					\$	3,220
880963	Contingency				%	\$	-
880965	Overhead					\$	2,100
TOTAL DRILLING COST (CASING POINT)							\$ 238,977

Continued On Page 2

COMPLETION

881102	Cased Hole Electric Wireline	\$	24,200
881103	Casing Crews & Running Tools - Casing & Tubing	\$	6,000
881105	Cementing	\$	20,928
881108	Coiled Tubing Units	\$	-
881110	Consultants	\$	-
881117	Environment & Safety	\$	-
881120	Fluid Disposal	\$	5,600
881122	Formation Stimulation - Fracturing	\$	61,000
881123	Formation Stimulation - Other	\$	-
881128	Hot Oiling Services	\$	5,000
881139	Labor - Company Supervision	\$	-
881140	Labor - Company Employees	\$	3,100
881141	Labor - Contract Employees	\$	5,600
881144	Location Remediation & Maintenance	\$	8,000
881146	Miscellaneous Services	\$	22,700
881150	Rig Costs - Dayrate	\$	20,000
881155	Slickline Services	\$	-
881159	Testing - Well & Well Flowback	\$	-
881162	Transportation - Land	\$	7,000
881166	Welding	\$	15,500
881302	Blow Out Preventors	\$	2,100
881304	Completion Fluids	\$	4,500

881305	Compressors	\$	-
881312	Facilities - Processing	\$	-
881317	Gas Measurement	\$	2,485
881321	Heaters - Indirect Line	\$	-
881322	Insulation	\$	16,000
881328	Miscellaneous Surface Equipment	\$	16,600
881335	Pipeline / Flowline	\$	3,900
881336	Pumps	\$	-
881337	Safety Equipment	\$	-
881340	Separators	\$	-
881345	Tanks	\$	41,717
881346	Tools & Supplies	\$	26,000
881347	Treaters	\$	26,065
881601	Artificial Lift	\$	98,000
881602	Casing Accessories	\$	2,250
881603	Miscellaneous Subsurface Equipment	\$	-
881604	Packers & Liner Hangers	\$	-
881610	Pipe - Production Casing	7000 Feet @ 11.43 \$/ft	\$ 80,010
881611	Pipe - Casing Liners		\$ -
881613	Pipe - Tubing	6850 Feet @ 5.68 \$/ft	\$ 38,908
881614	Rods	6850 Feet @ 3.30 \$/ft	\$ 22,605
881616	Tubing Accessories		\$ 750
881617	Wellhead		\$ 1,650

881502	Land Owner Fees	\$	-
881503	Legal Fees	\$	-
881511	Regulatory Compliance	\$	-
881501	Insurance	\$	-
881963	Contingency	%	\$ -
881965	Overhead		\$ 3,000

TOTAL COMPLETION COST**\$ 591,168****TOTAL AFE****\$ 830,145**



Authorization for Expenditure

Operator NEWFIELD PRODUCTION COMPANY
Outside Operated AFE No.

AFE No: 22513	Revision/Supp. #
Report Center: 500278639	DOI Number 172835

Name: RIO GRANDE 11-13-4-1W	Unit: MYTON	AFE Type: Drilling	Estimated Start Date: 08/16/2010	Projected TD: 7000
Objective: Green River	Location: NESW SEC 13 T4S R1W UINAH Co. UT	Project Description: Drill & Complete Green River Well		

Cost Description	Intangible	Tangible	Total
Completion	\$ 207,628	\$ 383,540	\$ 591,168
DHC	\$ 174,110	\$ 64,867	\$ 238,977
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
Totals - Gross Costs	\$ 381,738	\$ 448,407	\$ 830,145

Joint Interest Owners	Oracle ID	Site No.	Working Interest	Net Cost
NEWFIELD PRODUCTION COMPANY	201	1	73.055560%	\$ 606,467
HEIRS OF C. GERALDINE DANIELS	113646	2	8.333333%	\$ 69,179
MAKE A WISH FOUNDATION	113645	2	5.000000%	\$ 41,507
JOANN COPE	113652	2	2.777778%	\$ 23,060
AMERICAN RED CROSS	113648	2	2.500000%	\$ 20,754
GERALD SANDERS JR	113649	2	3.888889%	\$ 32,283
IRMA SANDERS	113650	2	1.111111%	\$ 9,224
GEORGE E. SANDERS	113651	2	0.555555%	\$ 4,612
SHERYL SIMPLICAN	113653	2	0.462963%	\$ 3,843
DENISE TYMA	113654	2	0.462963%	\$ 3,843
RICHARD WINTERS	113655	1	0.462963%	\$ 3,843
CRYSTAL VAN ARSDELL	113656	2	0.462963%	\$ 3,843
KATHY MILLS	113657	2	0.231481%	\$ 1,922
STEPHEN WEAVER	113658	2	0.231481%	\$ 1,922
ROBERT MORRIS	113659	2	0.115740%	\$ 961
SAMUEL MORRIS	113660	2	0.115740%	\$ 961
STEPHANIE PETERSON	113661	2	0.115740%	\$ 961
HEIRS OF KAREN MCMILLAN	113662	2	0.115740%	\$ 961
				\$ -
				\$ -
Totals			100.000000%	\$ 830,145

General Comments:

Project Coordinators	Title	Phone Number	Email Address
Stevens, Sean (SS)		303-3824447	sstevens@newfield.com

Newfield Exploration Company	
Company Representative <i>Roxann Eveland</i>	Date 9/13/10

Partner	
Approved (Signature)	Date

**NEWFIELD PRODUCTION COMPANY
AUTHORITY FOR EXPENDITURE
DRILLING & COMPLETION**

AFE NO: 22513
LEASE & WELL NO.: RIO GRANDE 11-13-4-1W
LOCATION: NESW SEC 13 T4S R1W UINTAH Co. UT
OPERATOR: Newfield Production Company
DESCRIPTION: Drill & Complete Green River Well

DATE: 08/16/2010
UNIT: MYTON
OBJECTIVE: Green River
PROPOSED TD: 7000

DRILLING							ESTIMATED COSTS
880102	Cased Hole Electric Wireline						\$ -
880103	Casing Crews & Running Tools - Casing & Tubing						\$ -
880105	Cementing						\$ 6,240
880110	Consultants						\$ 3,000
880111	Core / Fluid Analysis						\$ -
880113	Directional Drilling Operations						\$ 10,000
880117	Environment & Safety						\$ 700
880120	Fluid/Cuttings Disposal						\$ -
880121	Formation Evaluation						\$ 5,900
880125	Hanger - Liner						\$ -
880129	Inspection - Bottom Hole Assembly						\$ -
880130	Inspection - Casing						\$ -
880131	Inspection - Drill Pipe						\$ -
880143	Location Preparation						\$ 24,400
880144	Location Remediation & Maintenance						\$ 750
880146	Miscellaneous Services						\$ 500
880147	Mud Logging Services						\$ -
880150	Rig Costs - Dayrate	5	Days	@	12700	\$/day	\$ 63,500
880151	Rig Costs - Footage		Feet	@	#####	\$/ft	\$ -
880152	Rig Costs - Turnkey						\$ 11,000
880153	Rig Mob & Demob						\$ 23,500
880156	Survey - Location						\$ 10,500
880160	Testing - Well Control Equipment						\$ 1,400
880162	Transportation - Land						\$ 500
880166	Welding						\$ 400
880301	Bits						\$ 12,500
880302	Blow Out Preventors						\$ -
880310	Drill String						\$ 11,200
880313	Fuel - Rigs / Platforms / LeaseA (Delivered)						\$ 13,300
880328	Miscellaneous Surface Equipment						\$ 1,000
880329	Mud - Drilling						\$ 10,000
880330	Mud Monitoring & Processing						\$ -
880341	Stabilizer, Under Reamer, Hole Opener						\$ -
880345	Tanks						\$ -
880346	Tools & Supplies						\$ -
880350	Water						\$ 8,000
880602	Casing Accessories						\$ 2,000
880607	Pipe - Conductor Casing						\$ 650
880608	Pipe - Surface Casing	300	Feet	@	18.39	\$/ft	\$ 5,517
880609	Pipe - Intermediate Casing						\$ -
880611	Pipe - Casing Liners						\$ -
880617	Wellhead						\$ 700
880503	Legal Fees						\$ -
880511	Regulatory Compliance						\$ 6,500
880501	Insurance						\$ 3,220
880963	Contingency				%		\$ -
880965	Overhead						\$ 2,100
TOTAL DRILLING COST (CASING POINT)							\$ 238,977

Continued On Page 2

COMPLETION

881102	Cased Hole Electric Wireline	\$	24,200
881103	Casing Crews & Running Tools - Casing & Tubing	\$	6,000
881105	Cementing	\$	20,928
881108	Coiled Tubing Units	\$	-
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881141	Labor - Contract Employees	\$	5,600
881144	Location Remediation & Maintenance	\$	8,000
881146	Miscellaneous Services	\$	22,700
881150	Rig Costs - Dayrate	\$	20,000
881155	Slickline Services	\$	-
881159	Testing - Well & Well Flowback	\$	-
881162	Transportation - Land	\$	7,000
881166	Welding	\$	15,500
881302	Blow Out Preventors	\$	2,100
881304	Completion Fluids	\$	4,500

881305	Compressors	\$	-
881312	Facilities - Processing	\$	-
881317	Gas Measurement	\$	2,485
881321	Heaters - Indirect Line	\$	-
881322	Insulation	\$	16,000
881328	Miscellaneous Surface Equipment	\$	16,600
881335	Pipeline / Flowline	\$	3,900
881336	Pumps	\$	-
881337	Safety Equipment	\$	-
881340	Separators	\$	-
881345	Tanks	\$	41,717
881346	Tools & Supplies	\$	26,000
881347	Treaters	\$	26,065
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881602	Casing Accessories	\$	2,250
881603	Miscellaneous Subsurface Equipment	\$	-
881604	Packers & Liner Hangers	\$	-
881610	Pipe - Production Casing	7000 Feet @ 11.43 \$/ft	\$ 80,010
881611	Pipe - Casing Liners		\$ -
881613	Pipe - Tubing	6850 Feet @ 5.68 \$/ft	\$ 38,908
881614	Rods	6850 Feet @ 3.30 \$/ft	\$ 22,605
881616	Tubing Accessories		\$ 750
881617	Wellhead		\$ 1,650

881502	Land Owner Fees	\$	-
881503	Legal Fees	\$	-
881511	Regulatory Compliance	\$	-
881501	Insurance	\$	-
881963	Contingency	%	\$ -
881965	Overhead		\$ 3,000

TOTAL COMPLETION COST**\$ 591,168****TOTAL AFE****\$ 830,145**



Authorization for Expenditure

Operator NEWFIELD PRODUCTION COMPANY
Outside Operated AFE No.

AFE No: 22514	Revision/Supp. #
Report Center: 500278644	DOI Number 172835

Name: RIO GRANDE 12-13-4-1W	Unit: MYTON	AFE Type: Drilling	Estimated Start Date: 08/16/2010	Projected TD: 7000
Objective: Green River	Location: NWSW SEC 13 T4S R1W UINTAH Co. UT	Project Description: Drill & Complete Green River Well		

Cost Description	Intangible	Tangible	Total
Completion	\$ 207,628	\$ 383,540	\$ 591,168
DHC	\$ 174,110	\$ 64,867	\$ 238,977
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
Totals - Gross Costs	\$ 381,738	\$ 448,407	\$ 830,145

Joint Interest Owners	Oracle ID	Site No.	Working Interest	Net Cost
NEWFIELD PRODUCTION COMPANY	201	1	73.055560%	\$ 606,467
HEIRS OF C. GERALDINE DANIELS	113646	2	8.333333%	\$ 69,179
MAKE A WISH FOUNDATION	113645	2	5.000000%	\$ 41,507
JOANN COPE	113652	2	2.777778%	\$ 23,060
AMERICAN RED CROSS	113648	2	2.500000%	\$ 20,754
GERALD SANDERS JR	113649	2	3.888889%	\$ 32,283
IRMA SANDERS	113650	2	1.111111%	\$ 9,224
GEORGE E. SANDERS	113651	2	0.555555%	\$ 4,612
SHERYL SIMPLICAN	113653	2	0.462963%	\$ 3,843
DENISE TYMA	113654	2	0.462963%	\$ 3,843
RICHARD WINTERS	113655	1	0.462963%	\$ 3,843
CRYSTAL VAN ARSDELL	113656	2	0.462963%	\$ 3,843
KATHY MILLS	113657	2	0.231481%	\$ 1,922
STEPHEN WEAVER	113658	2	0.231481%	\$ 1,922
ROBERT MORRIS	113659	2	0.115740%	\$ 961
SAMUEL MORRIS	113660	2	0.115740%	\$ 961
STEPHANIE PETERSON	113661	2	0.115740%	\$ 961
HEIRS OF KAREN MCMILLAN	113662	2	0.115740%	\$ 961
				\$ -
				\$ -
Totals			100.000000%	\$ 830,145

General Comments:

Project Coordinators	Title	Phone Number	Email Address
Stevens, Sean (SS)		303-3824447	sstevens@newfield.com

Newfield Exploration Company	
Company Representative <i>Roxann Eveland</i>	Date <i>9/13/10</i>

Partner	
Approved (Signature)	Date

**NEWFIELD PRODUCTION COMPANY
AUTHORITY FOR EXPENDITURE
DRILLING & COMPLETION**

AFE NO: 22514
LEASE & WELL NO.: RIO GRANDE 12-13-4-1W
LOCATION: NWSW SEC 13 T4S R1W UINAH Co. UT
OPERATOR: Newfield Production Company
DESCRIPTION: Drill & Complete Green River Well

DATE: 08/16/2010
UNIT: MYTON
OBJECTIVE: Green River
PROPOSED TD: 7000

DRILLING						ESTIMATED COSTS	
880102	Cased Hole Electric Wireline					\$	-
880103	Casing Crews & Running Tools - Casing & Tubing					\$	-
880105	Cementing					\$	6,240
880110	Consultants					\$	3,000
880111	Core / Fluid Analysis					\$	-
880113	Directional Drilling Operations					\$	10,000
880117	Environment & Safety					\$	700
880120	Fluid/Cuttings Disposal					\$	-
880121	Formation Evaluation					\$	5,900
880125	Hanger - Liner					\$	-
880129	Inspection - Bottom Hole Assembly					\$	-
880130	Inspection - Casing					\$	-
880131	Inspection - Drill Pipe					\$	-
880143	Location Preparation					\$	24,400
880144	Location Remediation & Maintenance					\$	750
880146	Miscellaneous Services					\$	500
880147	Mud Logging Services					\$	-
880150	Rig Costs - Dayrate	5	Days	@	12700 \$/day	\$	63,500
880151	Rig Costs - Footage		Feet	@	##### \$/ft	\$	-
880152	Rig Costs - Turnkey					\$	11,000
880153	Rig Mob & Demob					\$	23,500
880156	Survey - Location					\$	10,500
880160	Testing - Well Control Equipment					\$	1,400
880162	Transportation - Land					\$	500
880166	Welding					\$	400
880301	Bits					\$	12,500
880302	Blow Out Preventors					\$	-
880310	Drill String					\$	11,200
880313	Fuel - Rigs / Platforms / LeaseA (Delivered)					\$	13,300
880328	Miscellaneous Surface Equipment					\$	1,000
880329	Mud - Drilling					\$	10,000
880330	Mud Monitoring & Processing					\$	-
880341	Stabilizer, Under Reamer, Hole Opener					\$	-
880345	Tanks					\$	-
880346	Tools & Supplies					\$	-
880350	Water					\$	8,000
880602	Casing Accessories					\$	2,000
880607	Pipe - Conductor Casing					\$	650
880608	Pipe - Surface Casing	300	Feet	@	18.39 \$/ft	\$	5,517
880609	Pipe - Intermediate Casing					\$	-
880611	Pipe - Casing Liners					\$	-
880617	Wellhead					\$	700
880503	Legal Fees					\$	-
880511	Regulatory Compliance					\$	6,500
880501	Insurance					\$	3,220
880963	Contingency				%	\$	-
880965	Overhead					\$	2,100
TOTAL DRILLING COST (CASING POINT)						\$	238,977

Continued On Page 2

COMPLETION

881102	Cased Hole Electric Wireline	\$	24,200
881103	Casing Crews & Running Tools - Casing & Tubing	\$	6,000
881105	Cementing	\$	20,928
881108	Coiled Tubing Units	\$	-
881110	Consultants	\$	-
881117	Environment & Safety	\$	-
881120	Fluid Disposal	\$	5,600
881122	Formation Stimulation - Fracturing	\$	61,000
881123	Formation Stimulation - Other	\$	-
881128	Hot Oiling Services	\$	5,000
881139	Labor - Company Supervision	\$	-
881140	Labor - Company Employees	\$	3,100
881141	Labor - Contract Employees	\$	5,600
881144	Location Remediation & Maintenance	\$	8,000
881146	Miscellaneous Services	\$	22,700
881150	Rig Costs - Dayrate	\$	20,000
881155	Slickline Services	\$	-
881159	Testing - Well & Well Flowback	\$	-
881162	Transportation - Land	\$	7,000
881166	Welding	\$	15,500
881302	Blow Out Preventors	\$	2,100
881304	Completion Fluids	\$	4,500

881305	Compressors	\$	-
881312	Facilities - Processing	\$	-
881317	Gas Measurement	\$	2,485
881321	Heaters - Indirect Line	\$	-
881322	Insulation	\$	16,000
881328	Miscellaneous Surface Equipment	\$	16,600
881335	Pipeline / Flowline	\$	3,900
881336	Pumps	\$	-
881337	Safety Equipment	\$	-
881340	Separators	\$	-
881345	Tanks	\$	41,717
881346	Tools & Supplies	\$	26,000
881347	Treaters	\$	26,065
881601	Artificial Lift	\$	98,000
881602	Casing Accessories	\$	2,250
881603	Miscellaneous Subsurface Equipment	\$	-
881604	Packers & Liner Hangers	\$	-
881610	Pipe - Production Casing	7000 Feet @ 11.43 \$/ft	\$ 80,010
881611	Pipe - Casing Liners		\$ -
881613	Pipe - Tubing	6850 Feet @ 5.68 \$/ft	\$ 38,908
881614	Rods	6850 Feet @ 3.30 \$/ft	\$ 22,605
881616	Tubing Accessories		\$ 750
881617	Wellhead		\$ 1,650

881502	Land Owner Fees	\$	-
881503	Legal Fees	\$	-
881511	Regulatory Compliance	\$	-
881501	Insurance	\$	-
881963	Contingency	%	\$ -
881965	Overhead		\$ 3,000

TOTAL COMPLETION COST**\$ 591,168****TOTAL AFE****\$ 830,145**



Authorization for Expenditure

Operator NEWFIELD PRODUCTION COMPANY
Outside Operated AFE No.

AFE No: 22515	Revision/Supp #
Report Center: 500278646	DOI Number 172835

Name: RIO GRANDE 13-13-4-1W	Unit: MYTON	AFE Type: Drilling	Estimated Start Date: 08/16/2010	Projected TD: 7000
Objective: Green River	Location: SWSW SEC 13 T4S R1W UINTAH Co. UT	Project Description: Drill & Complete Green River Well		

Cost Description	Intangible	Tangible	Total
Completion	\$ 207,828	\$ 383,540	\$ 591,168
DHC	\$ 174,110	\$ 64,867	\$ 238,977
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
Totals - Gross Costs	\$ 381,738	\$ 448,407	\$ 830,145

Joint Interest Owners	Oracle ID	Site No.	Working Interest	Net Cost
NEWFIELD PRODUCTION COMPANY	201	1	73.055560%	\$ 606,487
HEIRS OF C. GERALDINE DANIELS	113646	2	8.333333%	\$ 69,179
MAKE A WISH FOUNDATION	113645	2	5.000000%	\$ 41,507
JOANN COPE	113652	2	2.777778%	\$ 23,060
AMERICAN RED CROSS	113648	2	2.500000%	\$ 20,754
GERALD SANDERS JR	113649	2	3.888889%	\$ 32,283
IRMA SANDERS	113650	2	1.111111%	\$ 9,224
GEORGE E. SANDERS	113651	2	0.555555%	\$ 4,612
SHERYL SIMPLICAN	113653	2	0.462963%	\$ 3,843
DENISE TYMA	113654	2	0.462963%	\$ 3,843
RICHARD WINTERS	113655	1	0.462963%	\$ 3,843
CRYSTAL VAN ARSDELL	113656	2	0.462963%	\$ 3,843
KATHY MILLS	113657	2	0.231481%	\$ 1,922
STEPHEN WEAVER	113658	2	0.231481%	\$ 1,922
ROBERT MORRIS	113659	2	0.115740%	\$ 961
SAMUEL MORRIS	113660	2	0.115740%	\$ 961
STEPHANIE PETERSON	113661	2	0.115740%	\$ 961
HEIRS OF KAREN MCMILLAN	113662	2	0.115740%	\$ 961
				\$ -
				\$ -
Totals			100.000000%	\$ 830,145

General Comments:

Project Coordinators	Title	Phone Number	Email Address
Stevens, Sean (SS)		303-3824447	sstevens@newfield.com

Newfield Exploration Company	
Company Representative Roxann Eucland	Date 9/13/10

Partner	
Approved (Signature)	Date

**NEWFIELD PRODUCTION COMPANY
AUTHORITY FOR EXPENDITURE
DRILLING & COMPLETION**

AFE NO: 22515
LEASE & WELL NO.: RIO GRANDE 13-13-4-1W
LOCATION: SWSW SEC 13 T4S R1W UINTAH Co. UT
OPERATOR: Newfield Production Company
DESCRIPTION: Drill & Complete Green River Well

DATE: 08/16/2010
UNIT: MYTON
OBJECTIVE: Green River
PROPOSED TD: 7000

DRILLING						ESTIMATED COSTS	
880102	Cased Hole Electric Wireline					\$	-
880103	Casing Crews & Running Tools - Casing & Tubing					\$	-
880105	Cementing					\$	6,240
880110	Consultants					\$	3,000
880111	Core / Fluid Analysis					\$	-
880113	Directional Drilling Operations					\$	10,000
880117	Environment & Safety					\$	700
880120	Fluid/Cuttings Disposal					\$	-
880121	Formation Evaluation					\$	5,900
880125	Hanger - Liner					\$	-
880129	Inspection - Bottom Hole Assembly					\$	-
880130	Inspection - Casing					\$	-
880131	Inspection - Drill Pipe					\$	-
880143	Location Preparation					\$	24,400
880144	Location Remediation & Maintenance					\$	750
880146	Miscellaneous Services					\$	500
880147	Mud Logging Services					\$	-
880150	Rig Costs - Dayrate	5	Days	@	12700 \$/day	\$	63,500
880151	Rig Costs - Footage		Feet	@	##### \$/ft	\$	-
880152	Rig Costs - Turnkey					\$	11,000
880153	Rig Mob & Demob					\$	23,500
880156	Survey - Location					\$	10,500
880160	Testing - Well Control Equipment					\$	1,400
880162	Transportation - Land					\$	500
880166	Welding					\$	400
880301	Bits					\$	12,500
880302	Blow Out Preventors					\$	-
880310	Drill String					\$	11,200
880313	Fuel - Rigs / Platforms / LeaseA (Delivered)					\$	13,300
880328	Miscellaneous Surface Equipment					\$	1,000
880329	Mud - Drilling					\$	10,000
880330	Mud Monitoring & Processing					\$	-
880341	Stabilizer, Under Reamer, Hole Opener					\$	-
880345	Tanks					\$	-
880346	Tools & Supplies					\$	-
880350	Water					\$	8,000
880602	Casing Accessories					\$	2,000
880607	Pipe - Conductor Casing					\$	650
880608	Pipe - Surface Casing	300	Feet	@	18.39 \$/ft	\$	5,517
880609	Pipe - Intermediate Casing					\$	-
880611	Pipe - Casing Liners					\$	-
880617	Wellhead					\$	700
880503	Legal Fees					\$	-
880511	Regulatory Compliance					\$	6,500
880501	Insurance					\$	3,220
880963	Contingency				%	\$	-
880965	Overhead					\$	2,100
TOTAL DRILLING COST (CASING POINT)							\$ 238,977

Continued On Page 2

COMPLETION

881102	Cased Hole Electric Wireline	\$	24,200
881103	Casing Crews & Running Tools - Casing & Tubing	\$	6,000
881105	Cementing	\$	20,928
881108	Coiled Tubing Units	\$	-
881110	Consultants	\$	-
881117	Environment & Safety	\$	-
881120	Fluid Disposal	\$	5,600
881122	Formation Stimulation - Fracturing	\$	61,000
881123	Formation Stimulation - Other	\$	-
881128	Hot Oiling Services	\$	5,000
881139	Labor - Company Supervision	\$	-
881140	Labor - Company Employees	\$	3,100
881141	Labor - Contract Employees	\$	5,600
881144	Location Remediation & Maintenance	\$	8,000
881146	Miscellaneous Services	\$	22,700
881150	Rig Costs - Dayrate	\$	20,000
881155	Slickline Services	\$	-
881159	Testing - Well & Well Flowback	\$	-
881162	Transportation - Land	\$	7,000
881166	Welding	\$	15,500
881302	Blow Out Preventors	\$	2,100
881304	Completion Fluids	\$	4,500

881305	Compressors	\$	-
881312	Facilities - Processing	\$	-
881317	Gas Measurement	\$	2,485
881321	Heaters - Indirect Line	\$	-
881322	Insulation	\$	16,000
881328	Miscellaneous Surface Equipment	\$	16,600
881335	Pipeline / Flowline	\$	3,900
881336	Pumps	\$	-
881337	Safety Equipment	\$	-
881340	Separators	\$	-
881345	Tanks	\$	41,717
881346	Tools & Supplies	\$	26,000
881347	Treaters	\$	26,065
881601	Artificial Lift	\$	98,000
881602	Casing Accessories	\$	2,250
881603	Miscellaneous Subsurface Equipment	\$	-
881604	Packers & Liner Hangers	\$	-
881610	Pipe - Production Casing	7000 Feet @ 11.43 \$/ft	\$ 80,010
881611	Pipe - Casing Liners		\$ -
881613	Pipe - Tubing	6850 Feet @ 5.68 \$/ft	\$ 38,908
881614	Rods	6850 Feet @ 3.30 \$/ft	\$ 22,605
881616	Tubing Accessories		\$ 750
881617	Wellhead		\$ 1,650

881502	Land Owner Fees	\$	-
881503	Legal Fees	\$	-
881511	Regulatory Compliance	\$	-
881501	Insurance	\$	-
881963	Contingency	%	\$ -
881965	Overhead		\$ 3,000

TOTAL COMPLETION COST**\$ 591,168****TOTAL AFE****\$ 830,145**



Authorization for Expenditure

Operator NEWFIELD PRODUCTION COMPANY
Outside Operated AFE No.

AFE No: 22516	Revision/Supp. #
Report Center: 500278650	DOI Number 172835

Name: RIO GRANDE 14-13-4-1W	Unit: MYTON	AFE Type: Drilling	Estimated Start Date: 08/16/2010	Projected TD: 7000
Objective: Green River	Location: SESW SEC 13 T4S R1W UINAH Co. UT	Project Description: Drill & Complete Green River Well		

Cost Description	Intangible	Tangible	Total
Completion	\$ 207,628	\$ 383,540	\$ 591,168
DHC	\$ 174,110	\$ 64,867	\$ 238,977
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
Totals - Gross Costs	\$ 381,738	\$ 448,407	\$ 830,145

Joint Interest Owners	Oracle ID	Site No.	Working Interest	Net Cost
NEWFIELD PRODUCTION COMPANY	201	1	73.055560%	\$ 606,467
HEIRS OF C. GERALDINE DANIELS	113646	2	8.333333%	\$ 69,179
MAKE A WISH FOUNDATION	113645	2	5.000000%	\$ 41,507
JOANN COPE	113652	2	2.777778%	\$ 23,060
AMERICAN RED CROSS	113648	2	2.500000%	\$ 20,754
GERALD SANDERS JR	113649	2	3.888889%	\$ 32,283
IRMA SANDERS	113650	2	1.111111%	\$ 9,224
GEORGE E. SANDERS	113651	2	0.555555%	\$ 4,612
SHERYL SIMPLICAN	113653	2	0.462963%	\$ 3,843
DENISE TYMA	113654	2	0.462963%	\$ 3,843
RICHARD WINTERS	113655	1	0.462963%	\$ 3,843
CRYSTAL VAN ARSDELL	113656	2	0.462963%	\$ 3,843
KATHY MILLS	113657	2	0.231481%	\$ 1,922
STEPHEN WEAVER	113658	2	0.231481%	\$ 1,922
ROBERT MORRIS	113659	2	0.115740%	\$ 961
SAMUEL MORRIS	113660	2	0.115740%	\$ 961
STEPHANIE PETERSON	113661	2	0.115740%	\$ 961
HEIRS OF KAREN MCMILLAN	113662	2	0.115740%	\$ 961
			\$	-
			\$	-
Totals			100.000000%	\$ 830,145

General Comments:

Project Coordinators	Title	Phone Number	Email Address
Stevens, Sean (SS)		303-3824447	sstevens@newfield.com

Newfield Exploration Company	
Company Representative <i>Roxanne Eveland</i>	Date <i>9/13/10</i>

Partner	
Approved (Signature)	Date

**NEWFIELD PRODUCTION COMPANY
AUTHORITY FOR EXPENDITURE
DRILLING & COMPLETION**

AFE NO: 22516
LEASE & WELL NO.: RIO GRANDE 14-13-4-1W
LOCATION: SESW SEC 13 T4S R1W UINTAH Co. UT
OPERATOR: Newfield Production Company
DESCRIPTION: Drill & Complete Green River Well

DATE: 08/16/2010
UNIT: MYTON
OBJECTIVE: Green River
PROPOSED TD: 7000

DRILLING						ESTIMATED COSTS	
880102	Cased Hole Electric Wireline					\$	-
880103	Casing Crews & Running Tools - Casing & Tubing					\$	-
880105	Cementing					\$	6,240
880110	Consultants					\$	3,000
880111	Core / Fluid Analysis					\$	-
880113	Directional Drilling Operations					\$	10,000
880117	Environment & Safety					\$	700
880120	Fluid/Cuttings Disposal					\$	-
880121	Formation Evaluation					\$	5,900
880125	Hanger - Liner					\$	-
880129	Inspection - Bottom Hole Assembly					\$	-
880130	Inspection - Casing					\$	-
880131	Inspection - Drill Pipe					\$	-
880143	Location Preparation					\$	24,400
880144	Location Remediation & Maintenance					\$	750
880146	Miscellaneous Services					\$	500
880147	Mud Logging Services					\$	-
880150	Rig Costs - Dayrate	5	Days	@	12700 \$/day	\$	63,500
880151	Rig Costs - Footage		Feet	@	##### \$/ft	\$	-
880152	Rig Costs - Turnkey					\$	11,000
880153	Rig Mob & Demob					\$	23,500
880156	Survey - Location					\$	10,500
880160	Testing - Well Control Equipment					\$	1,400
880162	Transportation - Land					\$	500
880166	Welding					\$	400
880301	Bits					\$	12,500
880302	Blow Out Preventors					\$	-
880310	Drill String					\$	11,200
880313	Fuel - Rigs / Platforms / LeaseA (Delivered)					\$	13,300
880328	Miscellaneous Surface Equipment					\$	1,000
880329	Mud - Drilling					\$	10,000
880330	Mud Monitoring & Processing					\$	-
880341	Stabilizer, Under Reamer, Hole Opener					\$	-
880345	Tanks					\$	-
880346	Tools & Supplies					\$	-
880350	Water					\$	8,000
880602	Casing Accessories					\$	2,000
880607	Pipe - Conductor Casing					\$	650
880608	Pipe - Surface Casing	300	Feet	@	18.39 \$/ft	\$	5,517
880609	Pipe - Intermediate Casing					\$	-
880611	Pipe - Casing Liners					\$	-
880617	Wellhead					\$	700
880503	Legal Fees					\$	-
880511	Regulatory Compliance					\$	6,500
880501	Insurance					\$	3,220
880963	Contingency				%	\$	-
880965	Overhead					\$	2,100
TOTAL DRILLING COST (CASING POINT)							\$ 238,977

Continued On Page 2

COMPLETION

881102	Cased Hole Electric Wireline					\$	24,200
881103	Casing Crews & Running Tools - Casing & Tubing					\$	6,000
881105	Cementing					\$	20,928
881108	Coiled Tubing Units					\$	-
881110	Consultants					\$	-
881117	Environment & Safety					\$	-
881120	Fluid Disposal					\$	5,600
881122	Formation Stimulation - Fracturing					\$	61,000
881123	Formation Stimulation - Other					\$	-
881128	Hot Oiling Services					\$	5,000
881139	Labor - Company Supervision					\$	-
881140	Labor - Company Employees					\$	3,100
881141	Labor - Contract Employees					\$	5,600
881144	Location Remediation & Maintenance					\$	8,000
881146	Miscellaneous Services					\$	22,700
881150	Rig Costs - Dayrate					\$	20,000
881155	Slickline Services					\$	-
881159	Testing - Well & Well Flowback					\$	-
881162	Transportation - Land					\$	7,000
881166	Welding					\$	15,500
881302	Blow Out Preventors					\$	2,100
881304	Completion Fluids					\$	4,500

881305	Compressors					\$	-
881312	Facilities - Processing					\$	-
881317	Gas Measurement					\$	2,485
881321	Heaters - Indirect Line					\$	-
881322	Insulation					\$	16,000
881328	Miscellaneous Surface Equipment					\$	16,600
881335	Pipeline / Flowline					\$	3,900
881336	Pumps					\$	-
881337	Safety Equipment					\$	-
881340	Separators					\$	-
881345	Tanks					\$	41,717
881346	Tools & Supplies					\$	26,000
881347	Treaters					\$	26,065
881601	Artificial Lift					\$	98,000
881602	Casing Accessories					\$	2,250
881603	Miscellaneous Subsurface Equipment					\$	-
881604	Packers & Liner Hangers					\$	-
881610	Pipe - Production Casing	7000	Feet	@	11.43	\$/ft	\$ 80,010
881611	Pipe - Casing Liners					\$	-
881613	Pipe - Tubing	6850	Feet	@	5.68	\$/ft	\$ 38,908
881614	Rods	6850	Feet	@	3.30	\$/ft	\$ 22,605
881616	Tubing Accessories					\$	750
881617	Wellhead					\$	1,650

881502	Land Owner Fees					\$	-
881503	Legal Fees					\$	-
881511	Regulatory Compliance					\$	-
881501	Insurance					\$	-
881963	Contingency				%	\$	-
881965	Overhead					\$	3,000

TOTAL COMPLETION COST**\$ 591,168****TOTAL AFE****\$ 830,145**



Authorization for Expenditure

Operator NEWFIELD PRODUCTION COMPANY
Outside Operated AFE No.

AFE No: 22517	Revision/Supp. #
Report Center: 500278652	DOI Number 172835

Name: RIO GRANDE 15-13-4-1W	Unit: MYTON	AFE Type: Drilling	Estimated Start Date 08/16/2010	Projected TD: 7000
Objective: Green River	Location: SWSE SEC 13 T4S R1W UINTAH Co. UT	Project Description: Drill & Complete Green River Well		

Cost Description	Intangible	Tangible	Total
Completion	\$ 207,628	\$ 383,540	\$ 591,168
DHC	\$ 174,110	\$ 64,867	\$ 238,977
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
Totals - Gross Costs	\$ 381,738	\$ 448,407	\$ 830,145

Joint Interest Owners	Oracle ID	Site No.	Working Interest	Net Cost
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MAKE A WISH FOUNDATION	113645	2	5.000000%	\$ 41,507
JOANN COPE	113652	2	2.777778%	\$ 23,060
AMERICAN RED CROSS	113648	2	2.500000%	\$ 20,754
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IRMA SANDERS	113650	2	1.111111%	\$ 9,224
GEORGE E. SANDERS	113651	2	0.555555%	\$ 4,612
SHERYL SIMPLICAN	113653	2	0.462963%	\$ 3,843
DENISE TYMA	113654	2	0.462963%	\$ 3,843
RICHARD WINTERS	113655	1	0.462963%	\$ 3,843
CRYSTAL VAN ARSDELL	113656	2	0.462963%	\$ 3,843
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STEPHEN WEAVER	113658	2	0.231481%	\$ 1,922
ROBERT MORRIS	113659	2	0.115740%	\$ 961
SAMUEL MORRIS	113660	2	0.115740%	\$ 961
STEPHANIE PETERSON	113661	2	0.115740%	\$ 961
HEIRS OF KAREN MCMILLAN	113662	2	0.115740%	\$ 961
				\$ -
				\$ -
Totals			100.000000%	\$ 830,145

General Comments:

Project Coordinators	Title	Phone Number	Email Address
Stevens, Sean (SS)		303-3824447	ssstevens@newfield.com

Newfield Exploration Company	
Company Representative <i>Roxanna Eveland</i>	Date <i>9/13/10</i>

Partner	
Approved (Signature)	Date

**NEWFIELD PRODUCTION COMPANY
AUTHORITY FOR EXPENDITURE
DRILLING & COMPLETION**

AFE NO: 22517
LEASE & WELL NO.: RIO GRANDE 15-13-4-1W
LOCATION: SWSE SEC 13 T4S R1W UINTAH Co. UT
OPERATOR: Newfield Production Company
DESCRIPTION: Drill & Complete Green River Well

DATE: 08/16/2010
UNIT: MYTON
OBJECTIVE: Green River
PROPOSED TD: 7000

DRILLING						ESTIMATED COSTS	
880102	Cased Hole Electric Wireline					\$	-
880103	Casing Crews & Running Tools - Casing & Tubing					\$	-
880105	Cementing					\$	6,240
880110	Consultants					\$	3,000
880111	Core / Fluid Analysis					\$	-
880113	Directional Drilling Operations					\$	10,000
880117	Environment & Safety					\$	700
880120	Fluid/Cuttings Disposal					\$	-
880121	Formation Evaluation					\$	5,900
880125	Hanger - Liner					\$	-
880129	Inspection - Bottom Hole Assembly					\$	-
880130	Inspection - Casing					\$	-
880131	Inspection - Drill Pipe					\$	-
880143	Location Preparation					\$	24,400
880144	Location Remediation & Maintenance					\$	750
880146	Miscellaneous Services					\$	500
880147	Mud Logging Services					\$	-
880150	Rig Costs - Dayrate	5	Days	@	12700 \$/day	\$	63,500
880151	Rig Costs - Footage		Feet	@	##### \$/ft	\$	-
880152	Rig Costs - Turnkey					\$	11,000
880153	Rig Mob & Demob					\$	23,500
880156	Survey - Location					\$	10,500
880160	Testing - Well Control Equipment					\$	1,400
880162	Transportation - Land					\$	500
880166	Welding					\$	400
880301	Bits					\$	12,500
880302	Blow Out Preventors					\$	-
880310	Drill String					\$	11,200
880313	Fuel - Rigs / Platforms / LeaseA (Delivered)					\$	13,300
880328	Miscellaneous Surface Equipment					\$	1,000
880329	Mud - Drilling					\$	10,000
880330	Mud Monitoring & Processing					\$	-
880341	Stabilizer, Under Reamer, Hole Opener					\$	-
880345	Tanks					\$	-
880346	Tools & Supplies					\$	-
880350	Water					\$	8,000
880602	Casing Accessories					\$	2,000
880607	Pipe - Conductor Casing					\$	650
880608	Pipe - Surface Casing	300	Feet	@	18.39 \$/ft	\$	5,517
880609	Pipe - Intermediate Casing					\$	-
880611	Pipe - Casing Liners					\$	-
880617	Wellhead					\$	700
880503	Legal Fees					\$	-
880511	Regulatory Compliance					\$	6,500
880501	Insurance					\$	3,220
880963	Contingency				%	\$	-
880965	Overhead					\$	2,100
TOTAL DRILLING COST (CASING POINT)							\$ 238,977

Continued On Page 2

COMPLETION

881102	Cased Hole Electric Wireline	\$	24,200
881103	Casing Crews & Running Tools - Casing & Tubing	\$	6,000
881105	Cementing	\$	20,928
881108	Coiled Tubing Units	\$	-
881110	Consultants	\$	-
881117	Environment & Safety	\$	-
881120	Fluid Disposal	\$	5,600
881122	Formation Stimulation - Fracturing	\$	61,000
881123	Formation Stimulation - Other	\$	-
881128	Hot Oiling Services	\$	5,000
881139	Labor - Company Supervision	\$	-
881140	Labor - Company Employees	\$	3,100
881141	Labor - Contract Employees	\$	5,600
881144	Location Remediation & Maintenance	\$	8,000
881146	Miscellaneous Services	\$	22,700
881150	Rig Costs - Dayrate	\$	20,000
881155	Slickline Services	\$	-
881159	Testing - Well & Well Flowback	\$	-
881162	Transportation - Land	\$	7,000
881166	Welding	\$	15,500
881302	Blow Out Preventors	\$	2,100
881304	Completion Fluids	\$	4,500

881305	Compressors	\$	-
881312	Facilities - Processing	\$	-
881317	Gas Measurement	\$	2,485
881321	Heaters - Indirect Line	\$	-
881322	Insulation	\$	16,000
881328	Miscellaneous Surface Equipment	\$	16,600
881335	Pipeline / Flowline	\$	3,900
881336	Pumps	\$	-
881337	Safety Equipment	\$	-
881340	Separators	\$	-
881345	Tanks	\$	41,717
881346	Tools & Supplies	\$	26,000
881347	Treaters	\$	26,065
881601	Artificial Lift	\$	98,000
881602	Casing Accessories	\$	2,250
881603	Miscellaneous Subsurface Equipment	\$	-
881604	Packers & Liner Hangers	\$	-
881610	Pipe - Production Casing	7000 Feet @ 11.43 \$/ft	\$ 80,010
881611	Pipe - Casing Liners		\$ -
881613	Pipe - Tubing	6850 Feet @ 5.68 \$/ft	\$ 38,908
881614	Rods	6850 Feet @ 3.30 \$/ft	\$ 22,605
881616	Tubing Accessories		\$ 750
881617	Wellhead		\$ 1,650

881502	Land Owner Fees	\$	-
881503	Legal Fees	\$	-
881511	Regulatory Compliance	\$	-
881501	Insurance	\$	-
881963	Contingency	%	\$ -
881965	Overhead		\$ 3,000

TOTAL COMPLETION COST**\$ 591,168****TOTAL AFE****\$ 830,145**



Authorization for Expenditure

Operator NEWFIELD PRODUCTION COMPANY
Outside Operated AFE No.

AFE No: 22518	Revision/Supp. #
Report Center: 500278654	DOI Number 172835

Name: RIO GRANDE 16-13-4-1W	Unit: MYTON	AFE Type: Drilling	Estimated Start Date: 08/20/2010	Projected TD: 7000
Objective: Green River	Location: SESE SEC 13 T4S R1W UINTAH Co. UT	Project Description: Drill & Complete Green River Well		

Cost Description	Intangible	Tangible	Total
DHC	\$ 174,110	\$ 64,867	\$ 238,977
Completion	\$ 207,628	\$ 383,540	\$ 591,168
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
Totals - Gross Costs	\$ 381,738	\$ 448,407	\$ 830,145

Joint Interest Owners	Oracle ID	Site No.	Working Interest	Net Cost
NEWFIELD PRODUCTION COMPANY	201	1	73.055560%	\$ 606,467
HEIRS OF C. GERALDINE DANIELS	113646	2	8.333333%	\$ 69,179
MAKE A WISH FOUNDATION	113645	2	5.000000%	\$ 41,507
JOANN COPE	113652	2	2.777778%	\$ 23,060
AMERICAN RED CROSS	113648	2	2.500000%	\$ 20,754
GERALD SANDERS JR	113649	2	3.888889%	\$ 32,283
IRMA SANDERS	113650	2	1.111111%	\$ 9,224
GEORGE E. SANDERS	113651	2	0.555555%	\$ 4,612
SHERYL SIMPLICAN	113653	2	0.462963%	\$ 3,843
DENISE TYMA	113654	2	0.462963%	\$ 3,843
RICHARD WINTERS	113655	1	0.462963%	\$ 3,843
CRYSTAL VAN ARSDELL	113656	2	0.462963%	\$ 3,843
KATHY MILLS	113657	2	0.231481%	\$ 1,922
STEPHEN WEAVER	113658	2	0.231481%	\$ 1,922
ROBERT MORRIS	113659	2	0.115740%	\$ 961
SAMUEL MORRIS	113660	2	0.115740%	\$ 961
STEPHANIE PETERSON	113661	2	0.115740%	\$ 961
HEIRS OF KAREN MCMILLAN	113662	2	0.115740%	\$ 961
				\$ -
				\$ -
Totals			100.000000%	\$ 830,145

General Comments

Project Coordinators	Title	Phone Number	Email Address
Stevens, Sean (SS)		303-3824447	sstevens@newfield.com

Newfield Exploration Company	
Company Representative <i>Royann Eveland</i>	Date <i>9/13/10</i>

Partner	
Approved (Signature)	Date

**NEWFIELD PRODUCTION COMPANY
AUTHORITY FOR EXPENDITURE
DRILLING & COMPLETION**

AFE NO: 22518
LEASE & WELL NO.: RIO GRANDE 16-13-4-1W
LOCATION: SESE SEC 13 T4S R1W UINTAH Co. UT
OPERATOR: Newfield Production Company
DESCRIPTION: Drill & Complete Green River Well

DATE: 08/20/2010
UNIT: MYTON
OBJECTIVE: Green River
PROPOSED TD: 7000

DRILLING							ESTIMATED COSTS
880102	Cased Hole Electric Wireline						\$ -
880103	Casing Crews & Running Tools - Casing & Tubing						\$ -
880105	Cementing						\$ 6,240
880110	Consultants						\$ 3,000
880111	Core / Fluid Analysis						\$ -
880113	Directional Drilling Operations						\$ 10,000
880117	Environment & Safety						\$ 700
880120	Fluid/Cuttings Disposal						\$ -
880121	Formation Evaluation						\$ 5,900
880125	Hanger - Liner						\$ -
880129	Inspection - Bottom Hole Assembly						\$ -
880130	Inspection - Casing						\$ -
880131	Inspection - Drill Pipe						\$ -
880143	Location Preparation						\$ 24,400
880144	Location Remediation & Maintenance						\$ 750
880146	Miscellaneous Services						\$ 500
880147	Mud Logging Services						\$ -
880150	Rig Costs - Dayrate	5	Days	@	12700	\$/day	\$ 63,500
880151	Rig Costs - Footage		Feet	@	#####	\$/ft	\$ -
880152	Rig Costs - Turnkey						\$ 11,000
880153	Rig Mob & Demob						\$ 23,500
880156	Survey - Location						\$ 10,500
880160	Testing - Well Control Equipment						\$ 1,400
880162	Transportation - Land						\$ 500
880166	Welding						\$ 400
880301	Bits						\$ 12,500
880302	Blow Out Preventors						\$ -
880310	Drill String						\$ 11,200
880313	Fuel - Rigs / Platforms / LeaseA (Delivered)						\$ 13,300
880328	Miscellaneous Surface Equipment						\$ 1,000
880329	Mud - Drilling						\$ 10,000
880330	Mud Monitoring & Processing						\$ -
880341	Stabilizer, Under Reamer, Hole Opener						\$ -
880345	Tanks						\$ -
880346	Tools & Supplies						\$ -
880350	Water						\$ 8,000
880602	Casing Accessories						\$ 2,000
880607	Pipe - Conductor Casing						\$ 650
880608	Pipe - Surface Casing	300	Feet	@	18.39	\$/ft	\$ 5,517
880609	Pipe - Intermediate Casing						\$ -
880611	Pipe - Casing Liners						\$ -
880617	Wellhead						\$ 700
880503	Legal Fees						\$ -
880511	Regulatory Compliance						\$ 6,500
880501	Insurance						\$ 3,220
880963	Contingency				%		\$ -
880965	Overhead						\$ 2,100
TOTAL DRILLING COST (CASING POINT)							\$ 238,977

Continued On Page 2

COMPLETION

881102	Cased Hole Electric Wireline	\$	24,200
881103	Casing Crews & Running Tools - Casing & Tubing	\$	6,000
881105	Cementing	\$	20,928
881108	Coiled Tubing Units	\$	-
881110	Consultants	\$	-
881117	Environment & Safety	\$	-
881120	Fluid Disposal	\$	5,600
881122	Formation Stimulation - Fracturing	\$	61,000
881123	Formation Stimulation - Other	\$	-
881128	Hot Oiling Services	\$	5,000
881139	Labor - Company Supervision	\$	-
881140	Labor - Company Employees	\$	3,100
881141	Labor - Contract Employees	\$	5,600
881144	Location Remediation & Maintenance	\$	8,000
881146	Miscellaneous Services	\$	22,700
881150	Rig Costs - Dayrate	\$	20,000
881155	Slickline Services	\$	-
881159	Testing - Well & Well Flowback	\$	-
881162	Transportation - Land	\$	7,000
881166	Welding	\$	15,500
881302	Blow Out Preventors	\$	2,100
881304	Completion Fluids	\$	4,500

881305	Compressors	\$	-
881312	Facilities - Processing	\$	-
881317	Gas Measurement	\$	2,485
881321	Heaters - Indirect Line	\$	-
881322	Insulation	\$	16,000
881328	Miscellaneous Surface Equipment	\$	16,600
881335	Pipeline / Flowline	\$	3,900
881336	Pumps	\$	-
881337	Safety Equipment	\$	-
881340	Separators	\$	-
881345	Tanks	\$	41,717
881346	Tools & Supplies	\$	26,000
881347	Treaters	\$	26,065
881601	Artificial Lift	\$	98,000
881602	Casing Accessories	\$	2,250
881603	Miscellaneous Subsurface Equipment	\$	-
881604	Packers & Liner Hangers	\$	-
881610	Pipe - Production Casing	7000 Feet @ 11.43 \$/ft	\$ 80,010
881611	Pipe - Casing Liners	\$	-
881613	Pipe - Tubing	6850 Feet @ 5.68 \$/ft	\$ 38,908
881614	Rods	6850 Feet @ 3.30 \$/ft	\$ 22,605
881616	Tubing Accessories	\$	750
881617	Wellhead	\$	1,650

881502	Land Owner Fees	\$	-
881503	Legal Fees	\$	-
881511	Regulatory Compliance	\$	-
881501	Insurance	\$	-
881963	Contingency	%	\$ -
881965	Overhead	\$	3,000

TOTAL COMPLETION COST**\$ 591,168****TOTAL AFE****\$ 830,145**



Authorization for Expenditure

Operator NEWFIELD PRODUCTION COMPANY
Outside Operated AFE No.

AFE No: 22579	Revision/Supp. #
Report Center 500271359	DOI Number 0

Name: FRST CHRISTIAN 9-19-4-1E	Unit: MYTON	AFE Type: Drilling	Estimated Start Date: 08/17/2010	Projected TD 6915
Objective: Green River	Location: NESE SEC 19 T4S R1E UINTAH Co. UT	Project Description: Drill & Complete Green River Well		

Cost Description	Intangible	Tangible	Total
DHC	\$ 174,110	\$ 64,867	\$ 238,977
Completion	\$ 207,628	\$ 381,804	\$ 589,432
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
Totals - Gross Costs	\$ 381,738	\$ 446,671	\$ 828,409

Joint Interest Owners	Oracle ID	Site No.	Working Interest	Net Cost
NEWFIELD PRODUCTION COMPANY	201	1	73.055560%	\$ 605,199
HEIRS OF C. GERALDINE DANIELS	113646	1	8.333333%	\$ 69,034
MAKE A WISH FOUNDATION	113645	1	5.000000%	\$ 41,420
IRMA SANDERS	113650	1	1.111111%	\$ 9,205
GEORGE E. SANDERS	113651	1	0.555555%	\$ 4,602
JOANN COPE	113652	1	2.777778%	\$ 23,011
SHERYL SIMPLICAN	113653	1	0.462963%	\$ 3,835
DENISE TYMA	113654	1	0.462963%	\$ 3,835
RICHARD WINTERS	113655	1	0.462963%	\$ 3,835
CRYSTAL VAN ARSDELL	113656	1	0.462963%	\$ 3,835
KATHY MILLS	113657	1	0.231481%	\$ 1,918
STEPHEN WEAVER	113658	1	0.231481%	\$ 1,918
ROBERT MORRIS	113659	1	0.115740%	\$ 959
SAMUEL MORRIS	113660	1	0.115740%	\$ 959
STEPHANIE PETERSON	113661	1	0.115740%	\$ 959
HEIRS OF KAREN MCMILLAN	113662	1	0.115740%	\$ 959
AMERICAN RED CROSS	113648	1	2.500000%	\$ 20,710
GERALD SANDERS JR	113649	1	3.888889%	\$ 32,216
				\$ -
				\$ -
Totals			100.000000%	\$ 828,409

General Comments:

Project Coordinators	Title	Phone Number	Email Address
Stevens, Sean (SS)		303-3824447	sstevens@newfield.com

Newfield Exploration Company	
Company Representative <i>Popann Evland</i>	Date <i>9/13/10</i>

Partner	
Approved (Signature)	Date

**NEWFIELD PRODUCTION COMPANY
AUTHORITY FOR EXPENDITURE
DRILLING & COMPLETION**

AFE NO: 22579
LEASE & WELL NO.: FRST CHRISTIAN 9-19-4-1E
LOCATION: NESE SEC 19 T4S R1E UINTAH Co. UT
OPERATOR: Newfield Production Company
DESCRIPTION: Drill & Complete Green River Well

DATE: 08/17/2010
UNIT: MYTON
OBJECTIVE: Green River
PROPOSED TD: 6915

DRILLING						ESTIMATED COSTS	
880102	Cased Hole Electric Wireline					\$	-
880103	Casing Crews & Running Tools - Casing & Tubing					\$	-
880105	Cementing					\$	6,240
880110	Consultants					\$	3,000
880111	Core / Fluid Analysis					\$	-
880113	Directional Drilling Operations					\$	10,000
880117	Environment & Safety					\$	700
880120	Fluid/Cuttings Disposal					\$	-
880121	Formation Evaluation					\$	5,900
880125	Hanger - Liner					\$	-
880129	Inspection - Bottom Hole Assembly					\$	-
880130	Inspection - Casing					\$	-
880131	Inspection - Drill Pipe					\$	-
880143	Location Preparation					\$	24,400
880144	Location Remediation & Maintenance					\$	750
880146	Miscellaneous Services					\$	500
880147	Mud Logging Services					\$	-
880150	Rig Costs - Dayrate	5	Days	@	12700 \$/day	\$	63,500
880151	Rig Costs - Footage		Feet	@	##### \$/ft	\$	-
880152	Rig Costs - Turnkey					\$	11,000
880153	Rig Mob & Demob					\$	23,500
880156	Survey - Location					\$	10,500
880160	Testing - Well Control Equipment					\$	1,400
880162	Transportation - Land					\$	500
880166	Welding					\$	400
880301	Bits					\$	12,500
880302	Blow Out Preventors					\$	-
880310	Drill String					\$	11,200
880313	Fuel - Rigs / Platforms / LeaseA (Delivered)					\$	13,300
880328	Miscellaneous Surface Equipment					\$	1,000
880329	Mud - Drilling					\$	10,000
880330	Mud Monitoring & Processing					\$	-
880341	Stabilizer, Under Reamer, Hole Opener					\$	-
880345	Tanks					\$	-
880346	Tools & Supplies					\$	-
880350	Water					\$	8,000
880602	Casing Accessories					\$	2,000
880607	Pipe - Conductor Casing					\$	650
880608	Pipe - Surface Casing	300	Feet	@	18.39 \$/ft	\$	5,517
880609	Pipe - Intermediate Casing					\$	-
880611	Pipe - Casing Liners					\$	-
880617	Wellhead					\$	700
880503	Legal Fees					\$	-
880511	Regulatory Compliance					\$	6,500
880501	Insurance					\$	3,220
880963	Contingency			%		\$	-
880965	Overhead					\$	2,100
TOTAL DRILLING COST (CASING POINT)						\$	238,977

Continued On Page 2

COMPLETION

881102	Cased Hole Electric Wireline	\$	24,200
881103	Casing Crews & Running Tools - Casing & Tubing	\$	6,000
881105	Cementing	\$	20,928
881108	Coiled Tubing Units	\$	-
881110	Consultants	\$	-
881117	Environment & Safety	\$	-
881120	Fluid Disposal	\$	5,600
881122	Formation Stimulation - Fracturing	\$	61,000
881123	Formation Stimulation - Other	\$	-
881128	Hot Oiling Services	\$	5,000
881139	Labor - Company Supervision	\$	-
881140	Labor - Company Employees	\$	3,100
881141	Labor - Contract Employees	\$	5,600
881144	Location Remediation & Maintenance	\$	8,000
881146	Miscellaneous Services	\$	22,700
881150	Rig Costs - Dayrate	\$	20,000
881155	Slickline Services	\$	-
881159	Testing - Well & Well Flowback	\$	-
881162	Transportation - Land	\$	7,000
881166	Welding	\$	15,500
881302	Blow Out Preventors	\$	2,100
881304	Completion Fluids	\$	4,500

881305	Compressors	\$	-
881312	Facilities - Processing	\$	-
881317	Gas Measurement	\$	2,485
881321	Heaters - Indirect Line	\$	-
881322	Insulation	\$	16,000
881328	Miscellaneous Surface Equipment	\$	16,600
881335	Pipeline / Flowline	\$	3,900
881336	Pumps	\$	-
881337	Safety Equipment	\$	-
881340	Separators	\$	-
881345	Tanks	\$	41,717
881346	Tools & Supplies	\$	26,000
881347	Treaters	\$	26,065
881601	Artificial Lift	\$	98,000
881602	Casing Accessories	\$	2,250
881603	Miscellaneous Subsurface Equipment	\$	-
881604	Packers & Liner Hangers	\$	-
881610	Pipe - Production Casing	6915 Feet @ 11.43 \$/ft	\$ 79,038
881611	Pipe - Casing Liners		\$ -
881613	Pipe - Tubing	6765 Feet @ 5.68 \$/ft	\$ 38,425
881614	Rods	6765 Feet @ 3.30 \$/ft	\$ 22,324
881616	Tubing Accessories		\$ 750
881617	Wellhead		\$ 1,650

881502	Land Owner Fees	\$	-
881503	Legal Fees	\$	-
881511	Regulatory Compliance	\$	-
881501	Insurance	\$	-
881963	Contingency	%	\$ -
881965	Overhead		\$ 3,000

TOTAL COMPLETION COST**\$ 589,432****TOTAL AFE****\$ 828,409**



Authorization for Expenditure

Operator NEWFIELD PRODUCTION COMPANY
Outside Operated AFE No.

AFE No: 22593	Revision/Supp. #
Report Center: 500271361	DOI Number 0

Name: FRST CHRISTIAN 10-19-4-1E	Unit: MYTON	AFE Type: Drilling	Estimated Start Date: 08/17/2010	Projected TD: 6990
Objective: Green River	Location: NWSE SEC 19 T4S R1E UINTAH Co. UT	Project Description: Drill & Complete Green River Well		

Cost Description	Intangible	Tangible	Total
Completion	\$ 207,628	\$ 383,335	\$ 590,963
DHC	\$ 174,110	\$ 64,867	\$ 238,977
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
Totals - Gross Costs	\$ 381,738	\$ 448,202	\$ 829,940

Joint Interest Owners	Oracle ID	Site No.	Working Interest	Net Cost
NEWFIELD PRODUCTION COMPANY	201	1	73.055560%	\$ 606,317
HEIRS OF C. GERALDINE DANIELS	113646	1	8.333333%	\$ 69,162
MAKE A WISH FOUNDATION	113645	1	5.000000%	\$ 41,497
IRMA SANDERS	113650	1	1.111111%	\$ 9,222
GEORGE E. SANDERS	113651	1	0.555555%	\$ 4,611
JOANN COPE	113652	1	2.777778%	\$ 23,054
SHERYL SIMPLICAN	113653	1	0.462963%	\$ 3,842
DENISE TYMA	113654	1	0.462963%	\$ 3,842
RICHARD WINTERS	113655	1	0.462963%	\$ 3,842
CRYSTAL VAN ARSDELL	113656	1	0.462963%	\$ 3,842
KATHY MILLS	113657	1	0.231481%	\$ 1,921
STEPHEN WEAVER	113658	1	0.231481%	\$ 1,921
ROBERT MORRIS	113659	1	0.115740%	\$ 961
SAMUEL MORRIS	113660	1	0.115740%	\$ 961
STEPHANIE PETERSON	113661	1	0.115740%	\$ 961
HEIRS OF KAREN MCMILLAN	113662	1	0.115740%	\$ 961
AMERICAN RED CROSS	113648	1	2.500000%	\$ 20,749
GERALD SANDERS JR	113649	1	3.888889%	\$ 32,275
				\$ -
				\$ -
Totals			100.000000%	\$ 829,940

General Comments:

Project Coordinators	Title	Phone Number	Email Address
Stevens, Sean (SS)		303-3824447	sstevens@newfield.com

Newfield Exploration Company	
Company Representative <i>Reparn Evland</i>	Date <i>9/13/10</i>

Partner	
Approved (Signature)	Date

**NEWFIELD PRODUCTION COMPANY
AUTHORITY FOR EXPENDITURE
DRILLING & COMPLETION**

AFE NO: 22593
LEASE & WELL NO.: FRST CHRISTIAN 10-19-4-1E
LOCATION: NWSE SEC 19 T4S R1E UINTAH Co. UT
OPERATOR: Newfield Production Company
DESCRIPTION: Drill & Complete Green River Well

DATE: 08/17/2010
UNIT: MYTON
OBJECTIVE: Green River
PROPOSED TD: 6990

DRILLING						ESTIMATED COSTS	
880102	Cased Hole Electric Wireline					\$	-
880103	Casing Crews & Running Tools - Casing & Tubing					\$	-
880105	Cementing					\$	6,240
880110	Consultants					\$	3,000
880111	Core / Fluid Analysis					\$	-
880113	Directional Drilling Operations					\$	10,000
880117	Environment & Safety					\$	700
880120	Fluid/Cuttings Disposal					\$	-
880121	Formation Evaluation					\$	5,900
880125	Hanger - Liner					\$	-
880129	Inspection - Bottom Hole Assembly					\$	-
880130	Inspection - Casing					\$	-
880131	Inspection - Drill Pipe					\$	-
880143	Location Preparation					\$	24,400
880144	Location Remediation & Maintenance					\$	750
880146	Miscellaneous Services					\$	500
880147	Mud Logging Services					\$	-
880150	Rig Costs - Dayrate	5	Days	@	12700 \$/day	\$	63,500
880151	Rig Costs - Footage		Feet	@	##### \$/ft	\$	-
880152	Rig Costs - Turnkey					\$	11,000
880153	Rig Mob & Demob					\$	23,500
880156	Survey - Location					\$	10,500
880160	Testing - Well Control Equipment					\$	1,400
880162	Transportation - Land					\$	500
880166	Welding					\$	400
880301	Bits					\$	12,500
880302	Blow Out Preventors					\$	-
880310	Drill String					\$	11,200
880313	Fuel - Rigs / Platforms / LeaseA (Delivered)					\$	13,300
880328	Miscellaneous Surface Equipment					\$	1,000
880329	Mud - Drilling					\$	10,000
880330	Mud Monitoring & Processing					\$	-
880341	Stabilizer, Under Reamer, Hole Opener					\$	-
880345	Tanks					\$	-
880346	Tools & Supplies					\$	-
880350	Water					\$	8,000
880602	Casing Accessories					\$	2,000
880607	Pipe - Conductor Casing					\$	650
880608	Pipe - Surface Casing	300	Feet	@	18.39 \$/ft	\$	5,517
880609	Pipe - Intermediate Casing					\$	-
880611	Pipe - Casing Liners					\$	-
880617	Wellhead					\$	700
880503	Legal Fees					\$	-
880511	Regulatory Compliance					\$	6,500
880501	Insurance					\$	3,220
880963	Contingency				%	\$	-
880965	Overhead					\$	2,100
TOTAL DRILLING COST (CASING POINT)						\$	238,977

Continued On Page 2

COMPLETION

881102	Cased Hole Electric Wireline					\$	24,200
881103	Casing Crews & Running Tools - Casing & Tubing					\$	6,000
881105	Cementing					\$	20,928
881108	Coiled Tubing Units					\$	-
881110	Consultants					\$	-
881117	Environment & Safety					\$	-
881120	Fluid Disposal					\$	5,600
881122	Formation Stimulation - Fracturing					\$	61,000
881123	Formation Stimulation - Other					\$	-
881128	Hot Oiling Services					\$	5,000
881139	Labor - Company Supervision					\$	-
881140	Labor - Company Employees					\$	3,100
881141	Labor - Contract Employees					\$	5,600
881144	Location Remediation & Maintenance					\$	8,000
881146	Miscellaneous Services					\$	22,700
881150	Rig Costs - Dayrate					\$	20,000
881155	Slickline Services					\$	-
881159	Testing - Well & Well Flowback					\$	-
881162	Transportation - Land					\$	7,000
881166	Welding					\$	15,500
881302	Blow Out Preventors					\$	2,100
881304	Completion Fluids					\$	4,500

881305	Compressors					\$	-
881312	Facilities - Processing					\$	-
881317	Gas Measurement					\$	2,485
881321	Heaters - Indirect Line					\$	-
881322	Insulation					\$	16,000
881328	Miscellaneous Surface Equipment					\$	16,600
881335	Pipeline / Flowline					\$	3,900
881336	Pumps					\$	-
881337	Safety Equipment					\$	-
881340	Separators					\$	-
881345	Tanks					\$	41,717
881346	Tools & Supplies					\$	26,000
881347	Treaters					\$	26,065
881601	Artificial Lift					\$	98,000
881602	Casing Accessories					\$	2,250
881603	Miscellaneous Subsurface Equipment					\$	-
881604	Packers & Liner Hangers					\$	-
881610	Pipe - Production Casing	6990	Feet	@	11.43	\$/ft	\$ 79,895
881611	Pipe - Casing Liners					\$	-
881613	Pipe - Tubing	6840	Feet	@	5.68	\$/ft	\$ 38,851
881614	Rods	6840	Feet	@	3.30	\$/ft	\$ 22,572
881616	Tubing Accessories					\$	750
881617	Wellhead					\$	1,650

881502	Land Owner Fees					\$	-
881503	Legal Fees					\$	-
881511	Regulatory Compliance					\$	-
881501	Insurance					\$	-
881963	Contingency				%	\$	-
881965	Overhead					\$	3,000

TOTAL COMPLETION COST**\$ 590,963****TOTAL AFE****\$ 829,940**



Authorization for Expenditure

Operator NEWFIELD PRODUCTION COMPANY
Outside Operated AFE No.

AFE No: 22594	Revision/Supp. #
Report Center: 500271363	DOI Number 0

Name: FRST CHRISTIAN 11-19-4-1E	Unit: MYTON	AFE Type: Drilling	Estimated Start Date 08/17/2010	Projected TD: 7005
Objective: Green River	Location NESW SEC 19 T4S R1E UINTAH Co. UT	Project Description: Drill & Complete Green River Well		

Cost Description	Intangible	Tangible	Total
Completion	\$ 207,628	\$ 383,641	\$ 591,269
DHC	\$ 174,110	\$ 64,867	\$ 238,977
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
Totals - Gross Costs	\$ 381,738	\$ 448,508	\$ 830,246

Joint Interest Owners	Oracle ID	Site No.	Working Interest	Net Cost
NEWFIELD PRODUCTION COMPANY	201	1	73.055560%	\$ 606,541
HEIRS OF C. GERALDINE DANIELS	113646	1	8.333333%	\$ 69,187
MAKE A WISH FOUNDATION	113645	1	5.000000%	\$ 41,512
IRMA SANDERS	113650	1	1.111111%	\$ 9,225
GEORGE E. SANDERS	113651	1	0.555555%	\$ 4,612
JOANN COPE	113652	1	2.777778%	\$ 23,062
SHERYL SIMPLICAN	113653	1	0.462963%	\$ 3,844
DENISE TYMA	113654	1	0.462963%	\$ 3,844
RICHARD WINTERS	113655	1	0.462963%	\$ 3,844
CRYSTAL VAN ARSDELL	113656	1	0.462963%	\$ 3,844
KATHY MILLS	113657	1	0.231481%	\$ 1,922
STEPHEN WEAVER	113658	1	0.231481%	\$ 1,922
ROBERT MORRIS	113659	1	0.115740%	\$ 961
SAMUEL MORRIS	113660	1	0.115740%	\$ 961
STEPHANIE PETERSON	113661	1	0.115740%	\$ 961
HEIRS OF KAREN MCMILLAN	113662	1	0.115740%	\$ 961
AMERICAN RED CROSS	113648	1	2.500000%	\$ 20,756
GERALD SANDERS JR	113649	1	3.888889%	\$ 32,287
				\$ -
				\$ -
Totals			100.000000%	\$ 830,246

General Comments:

Project Coordinators	Title	Phone Number	Email Address
Stevens, Sean (SS)		303-3824447	sstevens@newfield.com

Newfield Exploration Company	
Company Representative <i>Roxann Evland</i>	Date <i>9/13/10</i>

Partner	
Approved (Signature)	Date

**NEWFIELD PRODUCTION COMPANY
AUTHORITY FOR EXPENDITURE
DRILLING & COMPLETION**

AFE NO: 22594
LEASE & WELL NO.: FRST CHRISTIAN 11-19-4-1E
LOCATION: NESW SEC 19 T4S R1E UINTAH Co. UT
OPERATOR: Newfield Production Company
DESCRIPTION: Drill & Complete Green River Well

DATE: 08/17/2010
UNIT: MYTON
OBJECTIVE: Green River
PROPOSED TD: 7005

DRILLING						ESTIMATED COSTS	
880102	Cased Hole Electric Wireline					\$	-
880103	Casing Crews & Running Tools - Casing & Tubing					\$	-
880105	Cementing					\$	6,240
880110	Consultants					\$	3,000
880111	Core / Fluid Analysis					\$	-
880113	Directional Drilling Operations					\$	10,000
880117	Environment & Safety					\$	700
880120	Fluid/Cuttings Disposal					\$	-
880121	Formation Evaluation					\$	5,900
880125	Hanger - Liner					\$	-
880129	Inspection - Bottom Hole Assembly					\$	-
880130	Inspection - Casing					\$	-
880131	Inspection - Drill Pipe					\$	-
880143	Location Preparation					\$	24,400
880144	Location Remediation & Maintenance					\$	750
880146	Miscellaneous Services					\$	500
880147	Mud Logging Services					\$	-
880150	Rig Costs - Dayrate	5	Days	@	12700 \$/day	\$	63,500
880151	Rig Costs - Footage		Feet	@	##### \$/ft	\$	-
880152	Rig Costs - Turnkey					\$	11,000
880153	Rig Mob & Demob					\$	23,500
880156	Survey - Location					\$	10,500
880160	Testing - Well Control Equipment					\$	1,400
880162	Transportation - Land					\$	500
880166	Welding					\$	400
880301	Bits					\$	12,500
880302	Blow Out Preventors					\$	-
880310	Drill String					\$	11,200
880313	Fuel - Rigs / Platforms / LeaseA (Delivered)					\$	13,300
880328	Miscellaneous Surface Equipment					\$	1,000
880329	Mud - Drilling					\$	10,000
880330	Mud Monitoring & Processing					\$	-
880341	Stabilizer, Under Reamer, Hole Opener					\$	-
880345	Tanks					\$	-
880346	Tools & Supplies					\$	-
880350	Water					\$	8,000
880602	Casing Accessories					\$	2,000
880607	Pipe - Conductor Casing					\$	650
880608	Pipe - Surface Casing	300	Feet	@	18.39 \$/ft	\$	5,517
880609	Pipe - Intermediate Casing					\$	-
880611	Pipe - Casing Liners					\$	-
880617	Wellhead					\$	700
880503	Legal Fees					\$	-
880511	Regulatory Compliance					\$	6,500
880501	Insurance					\$	3,220
880963	Contingency				%	\$	-
880965	Overhead					\$	2,100
TOTAL DRILLING COST (CASING POINT)						\$	238,977

Continued On Page 2

COMPLETION

881102	Cased Hole Electric Wireline					\$	24,200
881103	Casing Crews & Running Tools - Casing & Tubing					\$	6,000
881105	Cementing					\$	20,928
881108	Coiled Tubing Units					\$	-
881110	Consultants					\$	-
881117	Environment & Safety					\$	-
881120	Fluid Disposal					\$	5,600
881122	Formation Stimulation - Fracturing					\$	61,000
881123	Formation Stimulation - Other					\$	-
881128	Hot Oiling Services					\$	5,000
881139	Labor - Company Supervision					\$	-
881140	Labor - Company Employees					\$	3,100
881141	Labor - Contract Employees					\$	5,600
881144	Location Remediation & Maintenance					\$	8,000
881146	Miscellaneous Services					\$	22,700
881150	Rig Costs - Dayrate					\$	20,000
881155	Slickline Services					\$	-
881159	Testing - Well & Well Flowback					\$	-
881162	Transportation - Land					\$	7,000
881166	Welding					\$	15,500
881302	Blow Out Preventors					\$	2,100
881304	Completion Fluids					\$	4,500

881305	Compressors					\$	-
881312	Facilities - Processing					\$	-
881317	Gas Measurement					\$	2,485
881321	Heaters - Indirect Line					\$	-
881322	Insulation					\$	16,000
881328	Miscellaneous Surface Equipment					\$	16,600
881335	Pipeline / Flowline					\$	3,900
881336	Pumps					\$	-
881337	Safety Equipment					\$	-
881340	Separators					\$	-
881345	Tanks					\$	41,717
881346	Tools & Supplies					\$	26,000
881347	Treaters					\$	26,065
881601	Artificial Lift					\$	98,000
881602	Casing Accessories					\$	2,250
881603	Miscellaneous Subsurface Equipment					\$	-
881604	Packers & Liner Hangers					\$	-
881610	Pipe - Production Casing	7005	Feet	@	11.43	\$/ft	\$ 80,067
881611	Pipe - Casing Liners					\$	-
881613	Pipe - Tubing	6855	Feet	@	5.68	\$/ft	\$ 38,936
881614	Rods	6855	Feet	@	3.30	\$/ft	\$ 22,621
881616	Tubing Accessories					\$	750
881617	Wellhead					\$	1,650

881502	Land Owner Fees					\$	-
881503	Legal Fees					\$	-
881511	Regulatory Compliance					\$	-
881501	Insurance					\$	-
881963	Contingency				%	\$	-
881965	Overhead					\$	3,000

TOTAL COMPLETION COST**\$ 591,269****TOTAL AFE****\$ 830,246**



Authorization for Expenditure

Operator NEWFIELD PRODUCTION COMPANY
Outside Operated AFE No.

AFE No: 22595	Revision/Supp. #
Report Center: 500271365	DOI Number 172835

Name: FRST CHRISTIAN 12-19-4-1E	Unit: MYTON	AFE Type: Drilling	Estimated Start Date: 08/17/2010	Projected TD: 7015
Objective: Green River	Location: NWSW SEC 19 T4S R1E UINAH Co. UT	Project Description: Drill & Complete Green River Well		

Cost Description	Intangible	Tangible	Total
Completion	\$ 207,628	\$ 383,845	\$ 591,473
DHC	\$ 174,110	\$ 64,867	\$ 238,977
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
Totals - Gross Costs	\$ 381,738	\$ 448,712	\$ 830,450

Joint Interest Owners	Oracle ID	Site No.	Working Interest	Net Cost
NEWFIELD PRODUCTION COMPANY	201	1	73.055560%	\$ 606,690
HEIRS OF C. GERALDINE DANIELS	113646	2	8.333333%	\$ 69,204
MAKE A WISH FOUNDATION	113645	2	5.000000%	\$ 41,523
JOANN COPE	113652	2	2.777778%	\$ 23,068
AMERICAN RED CROSS	113648	2	2.500000%	\$ 20,761
GERALD SANDERS JR	113649	2	3.888889%	\$ 32,295
IRMA SANDERS	113650	2	1.111111%	\$ 9,227
GEORGE E. SANDERS	113651	2	0.555555%	\$ 4,614
SHERYL SIMPLICAN	113653	2	0.462963%	\$ 3,845
DENISE TYMA	113654	2	0.462963%	\$ 3,845
RICHARD WINTERS	113655	1	0.462963%	\$ 3,845
CRYSTAL VAN ARSDELL	113656	2	0.462963%	\$ 3,845
KATHY MILLS	113657	2	0.231481%	\$ 1,922
STEPHEN WEAVER	113658	2	0.231481%	\$ 1,922
ROBERT MORRIS	113659	2	0.115740%	\$ 961
SAMUEL MORRIS	113660	2	0.115740%	\$ 961
STEPHANIE PETERSON	113661	2	0.115740%	\$ 961
HEIRS OF KAREN MCMILLAN	113662	2	0.115740%	\$ 961
				\$ -
				\$ -
Totals			100.000000%	\$ 830,450

General Comments:

Project Coordinators	Title	Phone Number	Email Address
Stevens, Sean (SS)		303-3824447	sstevens@newfield.com

Newfield Exploration Company	
Company Representative <i>Poyann Eveland</i>	Date <i>9/13/10</i>

Partner	
Approved (Signature)	Date

**NEWFIELD PRODUCTION COMPANY
AUTHORITY FOR EXPENDITURE
DRILLING & COMPLETION**

AFE NO: 22595
LEASE & WELL NO.: FRST CHRISTIAN 12-19-4-1E
LOCATION: NWSW SEC 19 T4S R1E UINTAH Co. UT
OPERATOR: Newfield Production Company
DESCRIPTION: Drill & Complete Green River Well

DATE: 08/17/2010
UNIT: MYTON
OBJECTIVE: Green River
PROPOSED TD: 7015

DRILLING						ESTIMATED COSTS	
880102	Cased Hole Electric Wireline					\$	-
880103	Casing Crews & Running Tools - Casing & Tubing					\$	-
880105	Cementing					\$	6,240
880110	Consultants					\$	3,000
880111	Core / Fluid Analysis					\$	-
880113	Directional Drilling Operations					\$	10,000
880117	Environment & Safety					\$	700
880120	Fluid/Cuttings Disposal					\$	-
880121	Formation Evaluation					\$	5,900
880125	Hanger - Liner					\$	-
880129	Inspection - Bottom Hole Assembly					\$	-
880130	Inspection - Casing					\$	-
880131	Inspection - Drill Pipe					\$	-
880143	Location Preparation					\$	24,400
880144	Location Remediation & Maintenance					\$	750
880146	Miscellaneous Services					\$	500
880147	Mud Logging Services					\$	-
880150	Rig Costs - Dayrate	5	Days	@	12700 \$/day	\$	63,500
880151	Rig Costs - Footage				Feet @ ##### \$/ft	\$	-
880152	Rig Costs - Turnkey					\$	11,000
880153	Rig Mob & Demob					\$	23,500
880156	Survey - Location					\$	10,500
880160	Testing - Well Control Equipment					\$	1,400
880162	Transportation - Land					\$	500
880166	Welding					\$	400
880301	Bits					\$	12,500
880302	Blow Out Preventors					\$	-
880310	Drill String					\$	11,200
880313	Fuel - Rigs / Platforms / LeaseA (Delivered)					\$	13,300
880328	Miscellaneous Surface Equipment					\$	1,000
880329	Mud - Drilling					\$	10,000
880330	Mud Monitoring & Processing					\$	-
880341	Stabilizer, Under Reamer, Hole Opener					\$	-
880345	Tanks					\$	-
880346	Tools & Supplies					\$	-
880350	Water					\$	8,000
880602	Casing Accessories					\$	2,000
880607	Pipe - Conductor Casing					\$	650
880608	Pipe - Surface Casing	300	Feet	@	18.39 \$/ft	\$	5,517
880609	Pipe - Intermediate Casing					\$	-
880611	Pipe - Casing Liners					\$	-
880617	Wellhead					\$	700
880503	Legal Fees					\$	-
880511	Regulatory Compliance					\$	6,500
880501	Insurance					\$	3,220
880963	Contingency				%	\$	-
880965	Overhead					\$	2,100
TOTAL DRILLING COST (CASING POINT)						\$	238,977

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COMPLETION

881102	Cased Hole Electric Wireline					\$	24,200
881103	Casing Crews & Running Tools - Casing & Tubing					\$	6,000
881105	Cementing					\$	20,928
881108	Coiled Tubing Units					\$	-
881110	Consultants					\$	-
881117	Environment & Safety					\$	-
881120	Fluid Disposal					\$	5,600
881122	Formation Stimulation - Fracturing					\$	61,000
881123	Formation Stimulation - Other					\$	-
881128	Hot Oiling Services					\$	5,000
881139	Labor - Company Supervision					\$	-
881140	Labor - Company Employees					\$	3,100
881141	Labor - Contract Employees					\$	5,600
881144	Location Remediation & Maintenance					\$	8,000
881146	Miscellaneous Services					\$	22,700
881150	Rig Costs - Dayrate					\$	20,000
881155	Slickline Services					\$	-
881159	Testing - Well & Well Flowback					\$	-
881162	Transportation - Land					\$	7,000
881166	Welding					\$	15,500
881302	Blow Out Preventors					\$	2,100
881304	Completion Fluids					\$	4,500

881305	Compressors					\$	-
881312	Facilities - Processing					\$	-
881317	Gas Measurement					\$	2,485
881321	Heaters - Indirect Line					\$	-
881322	Insulation					\$	16,000
881328	Miscellaneous Surface Equipment					\$	16,600
881335	Pipeline / Flowline					\$	3,900
881336	Pumps					\$	-
881337	Safety Equipment					\$	-
881340	Separators					\$	-
881345	Tanks					\$	41,717
881346	Tools & Supplies					\$	26,000
881347	Treaters					\$	26,065
881601	Artificial Lift					\$	98,000
881602	Casing Accessories					\$	2,250
881603	Miscellaneous Subsurface Equipment					\$	-
881604	Packers & Liner Hangers					\$	-
881610	Pipe - Production Casing	7015	Feet	@	11.43	\$/ft	\$ 80,181
881611	Pipe - Casing Liners					\$	-
881613	Pipe - Tubing	6865	Feet	@	5.68	\$/ft	\$ 38,993
881614	Rods	6865	Feet	@	3.30	\$/ft	\$ 22,654
881616	Tubing Accessories					\$	750
881617	Wellhead					\$	1,650

881502	Land Owner Fees					\$	-
881503	Legal Fees					\$	-
881511	Regulatory Compliance					\$	-
881501	Insurance					\$	-
881963	Contingency				%	\$	-
881965	Overhead					\$	3,000

TOTAL COMPLETION COST**\$ 591,473****TOTAL AFE****\$ 830,450**



Authorization for Expenditure

Operator NEWFIELD PRODUCTION COMPANY
Outside Operated AFE No.

AFE No: 20462	Revision/Supp. #
Report Center 500258550	DOI Number 0

Name WELCH 13-19-4-1E	Unit MYTON	AFE Type: Drilling	Estimated Start Date: 08/16/2010	Projected TD: 6850
Objective: Green River	Location: SWSW SEC 19 T4S R1E UINTAH Co. UT	Project Description: Drill & Complete Green River Well		

Cost Description	Intangible	Tangible	Total
Completion	\$ 207,628	\$ 380,478	\$ 588,106
DHC	\$ 174,110	\$ 64,867	\$ 238,977
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
Totals - Gross Costs	\$ 381,738	\$ 445,345	\$ 827,083

Joint Interest Owners	Oracle ID	Site No.	Working Interest	Net Cost
NEWFIELD PRODUCTION COMPANY	201	1	73.055560%	\$ 604,230
HEIRS OF C GERALDINE DANIELS	113646	1	8.333333%	\$ 68,924
MAKE A WISH FOUNDATION	113645	1	5.000000%	\$ 41,354
GEORGE E. SANDERS	113651	1	0.555555%	\$ 4,595
SHERYL SIMPLICAN	113653	1	0.462963%	\$ 3,829
DENISE TYMA	113654	1	0.462963%	\$ 3,829
RICHARD WINTERS	113655	1	0.462963%	\$ 3,829
CRYSTAL VAN ARSDELL	113656	1	0.462963%	\$ 3,829
KATHY MILLS	113657	1	0.231481%	\$ 1,915
STEPHEN WEAVER	113658	1	0.231481%	\$ 1,915
ROBERT MORRIS	113659	1	0.115740%	\$ 957
SAMUEL MORRIS	113660	1	0.115740%	\$ 957
STEPHANIE PETERSON	113661	1	0.115740%	\$ 957
HEIRS OF KAREN MCMILLAN	113662	1	0.115740%	\$ 957
AMERICAN RED CROSS	113648	1	2.500000%	\$ 20,677
GERALD SANDERS JR	113649	1	3.888889%	\$ 32,164
JOANN COPE	113652	1	2.777778%	\$ 22,975
IRMA SANDERS	113650	1	1.111111%	\$ 9,190
				\$ -
				\$ -
Totals			100.000000%	\$ 827,083

General Comments:

Project Coordinators	Title	Phone Number	Email Address
Stevens, Sean (SS)		303-3824447	sstevens@newfield.com

Newfield Exploration Company	
Company Representative <i>Roxann Evland</i>	Date <i>9/13/10</i>

Partner	
Approved (Signature)	Date

**NEWFIELD PRODUCTION COMPANY
AUTHORITY FOR EXPENDITURE
DRILLING & COMPLETION**

AFE NO: 20462
LEASE & WELL NO.: WELCH 13-19-4-1E
LOCATION: SWSW SEC 19 T4S R1E UINTAH Co. UT
OPERATOR: Newfield Production Company
DESCRIPTION: Drill & Complete Green River Well

DATE: 08/16/2010
UNIT: MYTON
OBJECTIVE: Green River
PROPOSED TD: 6850

DRILLING						ESTIMATED COSTS	
880102	Cased Hole Electric Wireline					\$	-
880103	Casing Crews & Running Tools - Casing & Tubing					\$	-
880105	Cementing					\$	6,240
880110	Consultants					\$	3,000
880111	Core / Fluid Analysis					\$	-
880113	Directional Drilling Operations					\$	10,000
880117	Environment & Safety					\$	700
880120	Fluid/Cuttings Disposal					\$	-
880121	Formation Evaluation					\$	5,900
880125	Hanger - Liner					\$	-
880129	Inspection - Bottom Hole Assembly					\$	-
880130	Inspection - Casing					\$	-
880131	Inspection - Drill Pipe					\$	-
880143	Location Preparation					\$	24,400
880144	Location Remediation & Maintenance					\$	750
880146	Miscellaneous Services					\$	500
880147	Mud Logging Services					\$	-
880150	Rig Costs - Dayrate	5	Days	@	12700 \$/day	\$	63,500
880151	Rig Costs - Footage		Feet	@	##### \$/ft	\$	-
880152	Rig Costs - Turnkey					\$	11,000
880153	Rig Mob & Demob					\$	23,500
880156	Survey - Location					\$	10,500
880160	Testing - Well Control Equipment					\$	1,400
880162	Transportation - Land					\$	500
880166	Welding					\$	400
880301	Bits					\$	12,500
880302	Blow Out Preventors					\$	-
880310	Drill String					\$	11,200
880313	Fuel - Rigs / Platforms / LeaseA (Delivered)					\$	13,300
880328	Miscellaneous Surface Equipment					\$	1,000
880329	Mud - Drilling					\$	10,000
880330	Mud Monitoring & Processing					\$	-
880341	Stabilizer, Under Reamer, Hole Opener					\$	-
880345	Tanks					\$	-
880346	Tools & Supplies					\$	-
880350	Water					\$	8,000
880602	Casing Accessories					\$	2,000
880607	Pipe - Conductor Casing					\$	650
880608	Pipe - Surface Casing	300	Feet	@	18.39 \$/ft	\$	5,517
880609	Pipe - Intermediate Casing					\$	-
880611	Pipe - Casing Liners					\$	-
880617	Wellhead					\$	700
880503	Legal Fees					\$	-
880511	Regulatory Compliance					\$	6,500
880501	Insurance					\$	3,220
880963	Contingency				%	\$	-
880965	Overhead					\$	2,100
TOTAL DRILLING COST (CASING POINT)							\$ 238,977

Continued On Page 2

COMPLETION

881102	Cased Hole Electric Wireline	\$	24,200
881103	Casing Crews & Running Tools - Casing & Tubing	\$	6,000
881105	Cementing	\$	20,928
881108	Coiled Tubing Units	\$	-
881110	Consultants	\$	-
881117	Environment & Safety	\$	-
881120	Fluid Disposal	\$	5,600
881122	Formation Stimulation - Fracturing	\$	61,000
881123	Formation Stimulation - Other	\$	-
881128	Hot Oiling Services	\$	5,000
881139	Labor - Company Supervision	\$	-
881140	Labor - Company Employees	\$	3,100
881141	Labor - Contract Employees	\$	5,600
881144	Location Remediation & Maintenance	\$	8,000
881146	Miscellaneous Services	\$	22,700
881150	Rig Costs - Dayrate	\$	20,000
881155	Slickline Services	\$	-
881159	Testing - Well & Well Flowback	\$	-
881162	Transportation - Land	\$	7,000
881166	Welding	\$	15,500
881302	Blow Out Preventors	\$	2,100
881304	Completion Fluids	\$	4,500

881305	Compressors	\$	-
881312	Facilities - Processing	\$	-
881317	Gas Measurement	\$	2,485
881321	Heaters - Indirect Line	\$	-
881322	Insulation	\$	16,000
881328	Miscellaneous Surface Equipment	\$	16,600
881335	Pipeline / Flowline	\$	3,900
881336	Pumps	\$	-
881337	Safety Equipment	\$	-
881340	Separators	\$	-
881345	Tanks	\$	41,717
881346	Tools & Supplies	\$	26,000
881347	Treaters	\$	26,065
881601	Artificial Lift	\$	98,000
881602	Casing Accessories	\$	2,250
881603	Miscellaneous Subsurface Equipment	\$	-
881604	Packers & Liner Hangers	\$	-
881610	Pipe - Production Casing	6850 Feet @ 11.43 \$/ft	\$ 78,295
881611	Pipe - Casing Liners		\$ -
881613	Pipe - Tubing	6700 Feet @ 5.68 \$/ft	\$ 38,056
881614	Rods	6700 Feet @ 3.30 \$/ft	\$ 22,110
881616	Tubing Accessories		\$ 750
881617	Wellhead		\$ 1,650

881502	Land Owner Fees	\$	-
881503	Legal Fees	\$	-
881511	Regulatory Compliance	\$	-
881501	Insurance	\$	-
881963	Contingency	%	\$ -
881965	Overhead		\$ 3,000

TOTAL COMPLETION COST**\$ 588,106****TOTAL AFE****\$ 827,083**



Authorization for Expenditure

Operator NEWFIELD PRODUCTION COMPANY
Outside Operated AFE No.

AFE No: 20463	Revision/Supp. #
Report Center: 500258552	DOI Number 0

Name: WELCH 14-19-4-1E	Unit: MYTON	AFE Type: Drilling	Estimated Start Date: 08/16/2010	Projected TD: 6845
Objective: Green River	Location: SESW SEC 19 T4S R1E UINAH Co. UT	Project Description: Drill & Complete Green River Well		

Cost Description	Intangible	Tangible	Total
Completion	\$ 207,628	\$ 380,375	\$ 588,003
DHC	\$ 174,110	\$ 64,867	\$ 238,977
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
Totals - Gross Costs	\$ 381,738	\$ 445,242	\$ 826,980

Joint Interest Owners	Oracle ID	Site No.	Working Interest	Net Cost
NEWFIELD PRODUCTION COMPANY	201	1	73.055560%	\$ 604,155
HEIRS OF C. GERALDINE DANIELS	113646	1	8.333333%	\$ 68,915
MAKE A WISH FOUNDATION	113645	1	5.000000%	\$ 41,349
IRMA SANDERS	113650	1	1.111111%	\$ 9,189
GEORGE E. SANDERS	113651	1	0.555555%	\$ 4,594
JOANN COPE	113652	1	2.777778%	\$ 22,972
SHERYL SIMPLICAN	113653	1	0.462963%	\$ 3,829
DENISE TYMA	113654	1	0.462963%	\$ 3,829
RICHARD WINTERS	113655	1	0.462963%	\$ 3,829
CRYSTAL VAN ARSDELL	113656	1	0.462963%	\$ 3,829
KATHY MILLS	113657	1	0.231481%	\$ 1,914
STEPHEN WEAVER	113658	1	0.231481%	\$ 1,914
ROBERT MORRIS	113659	1	0.115740%	\$ 957
SAMUEL MORRIS	113660	1	0.115740%	\$ 957
STEPHANIE PETERSON	113661	1	0.115740%	\$ 957
HEIRS OF KAREN MCMILLAN	113662	1	0.115740%	\$ 957
AMERICAN RED CROSS	113648	1	2.500000%	\$ 20,675
GERALD SANDERS JR	113649	1	3.888889%	\$ 32,160
			\$ -	\$ -
			\$ -	\$ -
Totals			100.000000%	\$ 826,980

General Comments:

Project Coordinators	Title	Phone Number	Email Address
Stevens, Sean (SS)		303-3824447	sstevens@newfield.com

Newfield Exploration Company	
Company Representative <i>Rayann Eveland</i>	Date <i>9/13/10</i>

Partner	
Approved (Signature)	Date

**NEWFIELD PRODUCTION COMPANY
AUTHORITY FOR EXPENDITURE
DRILLING & COMPLETION**

AFE NO: 20463
LEASE & WELL NO.: WELCH 14-19-4-1E
LOCATION: SESW SEC 19 T4S R1E UINTAH Co. UT
OPERATOR: Newfield Production Company
DESCRIPTION: Drill & Complete Green River Well

DATE: 08/16/2010
UNIT: MYTON
OBJECTIVE: Green River
PROPOSED TD: 6845

DRILLING						ESTIMATED COSTS	
880102	Cased Hole Electric Wireline					\$	-
880103	Casing Crews & Running Tools - Casing & Tubing					\$	-
880105	Cementing					\$	6,240
880110	Consultants					\$	3,000
880111	Core / Fluid Analysis					\$	-
880113	Directional Drilling Operations					\$	10,000
880117	Environment & Safety					\$	700
880120	Fluid/Cuttings Disposal					\$	-
880121	Formation Evaluation					\$	5,900
880125	Hanger - Liner					\$	-
880129	Inspection - Bottom Hole Assembly					\$	-
880130	Inspection - Casing					\$	-
880131	Inspection - Drill Pipe					\$	-
880143	Location Preparation					\$	24,400
880144	Location Remediation & Maintenance					\$	750
880146	Miscellaneous Services					\$	500
880147	Mud Logging Services					\$	-
880150	Rig Costs - Dayrate	5	Days	@	12700 \$/day	\$	63,500
880151	Rig Costs - Footage		Feet	@	##### \$/ft	\$	-
880152	Rig Costs - Turnkey					\$	11,000
880153	Rig Mob & Demob					\$	23,500
880156	Survey - Location					\$	10,500
880160	Testing - Well Control Equipment					\$	1,400
880162	Transportation - Land					\$	500
880166	Welding					\$	400
880301	Bits					\$	12,500
880302	Blow Out Preventors					\$	-
880310	Drill String					\$	11,200
880313	Fuel - Rigs / Platforms / LeaseA (Delivered)					\$	13,300
880328	Miscellaneous Surface Equipment					\$	1,000
880329	Mud - Drilling					\$	10,000
880330	Mud Monitoring & Processing					\$	-
880341	Stabilizer, Under Reamer, Hole Opener					\$	-
880345	Tanks					\$	-
880346	Tools & Supplies					\$	-
880350	Water					\$	8,000
880602	Casing Accessories					\$	2,000
880607	Pipe - Conductor Casing					\$	650
880608	Pipe - Surface Casing	300	Feet	@	18.39 \$/ft	\$	5,517
880609	Pipe - Intermediate Casing					\$	-
880611	Pipe - Casing Liners					\$	-
880617	Wellhead					\$	700
880503	Legal Fees					\$	-
880511	Regulatory Compliance					\$	6,500
880501	Insurance					\$	3,220
880963	Contingency				%	\$	-
880965	Overhead					\$	2,100
TOTAL DRILLING COST (CASING POINT)							\$ 238,977

Continued On Page 2

COMPLETION

881102	Cased Hole Electric Wireline					\$	24,200
881103	Casing Crews & Running Tools - Casing & Tubing					\$	6,000
881105	Cementing					\$	20,928
881108	Coiled Tubing Units					\$	-
881110	Consultants					\$	-
881117	Environment & Safety					\$	-
881120	Fluid Disposal					\$	5,600
881122	Formation Stimulation - Fracturing					\$	61,000
881123	Formation Stimulation - Other					\$	-
881128	Hot Oiling Services					\$	5,000
881139	Labor - Company Supervision					\$	-
881140	Labor - Company Employees					\$	3,100
881141	Labor - Contract Employees					\$	5,600
881144	Location Remediation & Maintenance					\$	8,000
881146	Miscellaneous Services					\$	22,700
881150	Rig Costs - Dayrate					\$	20,000
881155	Slickline Services					\$	-
881159	Testing - Well & Well Flowback					\$	-
881162	Transportation - Land					\$	7,000
881166	Welding					\$	15,500
881302	Blow Out Preventors					\$	2,100
881304	Completion Fluids					\$	4,500

881305	Compressors					\$	-
881312	Facilities - Processing					\$	-
881317	Gas Measurement					\$	2,485
881321	Heaters - Indirect Line					\$	-
881322	Insulation					\$	16,000
881328	Miscellaneous Surface Equipment					\$	16,600
881335	Pipeline / Flowline					\$	3,900
881336	Pumps					\$	-
881337	Safety Equipment					\$	-
881340	Separators					\$	-
881345	Tanks					\$	41,717
881346	Tools & Supplies					\$	26,000
881347	Treaters					\$	26,065
881601	Artificial Lift					\$	98,000
881602	Casing Accessories					\$	2,250
881603	Miscellaneous Subsurface Equipment					\$	-
881604	Packers & Liner Hangers					\$	-
881610	Pipe - Production Casing	6845	Feet	@	11.43	\$/ft	\$ 78,238
881611	Pipe - Casing Liners					\$	-
881613	Pipe - Tubing	6695	Feet	@	5.68	\$/ft	\$ 38,027
881614	Rods	6695	Feet	@	3.30	\$/ft	\$ 22,093
881616	Tubing Accessories					\$	750
881617	Wellhead					\$	1,650

881502	Land Owner Fees					\$	-
881503	Legal Fees					\$	-
881511	Regulatory Compliance					\$	-
881501	Insurance					\$	-
881963	Contingency				%	\$	-
881965	Overhead					\$	3,000

TOTAL COMPLETION COST**\$ 588,003****TOTAL AFE****\$ 826,980**



Authorization for Expenditure

Operator NEWFIELD PRODUCTION COMPANY
Outside Operated AFE No.

AFE No: 20464	Revision/Supp. #
Report Center: 500258555	DOI Number 172835

Name: WELCH 15-19-4-1E	Unit: MYTON	AFE Type: Drilling	Estimated Start Date: 08/16/2010	Projected TD: 6845
Objective: Green River	Location: SWSE SEC 19 T4S R1E UINTAH Co. UT	Project Description: Drill & Complete Green River Well		

Cost Description	Intangible	Tangible	Total
Completion	\$ 207,628	\$ 380,375	\$ 588,003
DHC	\$ 174,110	\$ 64,867	\$ 238,977
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
Totals - Gross Costs	\$ 381,738	\$ 445,242	\$ 826,980

Joint Interest Owners	Oracle ID	Site No.	Working Interest	Net Cost
NEWFIELD PRODUCTION COMPANY	201	1	73.055560%	\$ 604,155
HEIRS OF C. GERALDINE DANIELS	113646	2	8.333333%	\$ 68,915
MAKE A WISH FOUNDATION	113645	2	5.000000%	\$ 41,349
JOANN COPE	113652	2	2.777778%	\$ 22,972
AMERICAN RED CROSS	113648	2	2.500000%	\$ 20,675
GERALD SANDERS JR	113649	2	3.888889%	\$ 32,160
IRMA SANDERS	113650	2	1.111111%	\$ 9,189
GEORGE E. SANDERS	113651	2	0.555555%	\$ 4,594
SHERYL SIMPLICAN	113653	2	0.462963%	\$ 3,829
DENISE TYMA	113654	2	0.462963%	\$ 3,829
RICHARD WINTERS	113655	1	0.462963%	\$ 3,829
CRYSTAL VAN ARSDELL	113656	2	0.462963%	\$ 3,829
KATHY MILLS	113657	2	0.231481%	\$ 1,914
STEPHEN WEAVER	113658	2	0.231481%	\$ 1,914
ROBERT MORRIS	113659	2	0.115740%	\$ 957
SAMUEL MORRIS	113660	2	0.115740%	\$ 957
STEPHANIE PETERSON	113661	2	0.115740%	\$ 957
HEIRS OF KAREN MCMILLAN	113662	2	0.115740%	\$ 957
				\$ -
				\$ -
Totals			100.000000%	\$ 826,980

General Comments:

Project Coordinators	Title	Phone Number	Email Address
Stevens, Sean (SS)		303-3824447	sstevens@newfield.com

Newfield Exploration Company	
Company Representative Royann Eveland	Date 9/13/10

Partner	
Approved (Signature)	Date

**NEWFIELD PRODUCTION COMPANY
AUTHORITY FOR EXPENDITURE
DRILLING & COMPLETION**

AFE NO: 20464
LEASE & WELL NO.: WELCH 15-19-4-1E
LOCATION: SWSE SEC 19 T4S R1E UINTAH Co. UT
OPERATOR: Newfield Production Company
DESCRIPTION: Drill & Complete Green River Well

DATE: 08/16/2010
UNIT: MYTON
OBJECTIVE: Green River
PROPOSED TD: 6845

DRILLING						ESTIMATED COSTS	
880102	Cased Hole Electric Wireline					\$	-
880103	Casing Crews & Running Tools - Casing & Tubing					\$	-
880105	Cementing					\$	6,240
880110	Consultants					\$	3,000
880111	Core / Fluid Analysis					\$	-
880113	Directional Drilling Operations					\$	10,000
880117	Environment & Safety					\$	700
880120	Fluid/Cuttings Disposal					\$	-
880121	Formation Evaluation					\$	5,900
880125	Hanger - Liner					\$	-
880129	Inspection - Bottom Hole Assembly					\$	-
880130	Inspection - Casing					\$	-
880131	Inspection - Drill Pipe					\$	-
880143	Location Preparation					\$	24,400
880144	Location Remediation & Maintenance					\$	750
880146	Miscellaneous Services					\$	500
880147	Mud Logging Services					\$	-
880150	Rig Costs - Dayrate	5	Days	@	12700 \$/day	\$	63,500
880151	Rig Costs - Footage		Feet	@	##### \$/ft	\$	-
880152	Rig Costs - Turnkey					\$	11,000
880153	Rig Mob & Demob					\$	23,500
880156	Survey - Location					\$	10,500
880160	Testing - Well Control Equipment					\$	1,400
880162	Transportation - Land					\$	500
880166	Welding					\$	400
880301	Bits					\$	12,500
880302	Blow Out Preventors					\$	-
880310	Drill String					\$	11,200
880313	Fuel - Rigs / Platforms / LeaseA (Delivered)					\$	13,300
880328	Miscellaneous Surface Equipment					\$	1,000
880329	Mud - Drilling					\$	10,000
880330	Mud Monitoring & Processing					\$	-
880341	Stabilizer, Under Reamer, Hole Opener					\$	-
880345	Tanks					\$	-
880346	Tools & Supplies					\$	-
880350	Water					\$	8,000
880602	Casing Accessories					\$	2,000
880607	Pipe - Conductor Casing					\$	650
880608	Pipe - Surface Casing	300	Feet	@	18.39 \$/ft	\$	5,517
880609	Pipe - Intermediate Casing					\$	-
880611	Pipe - Casing Liners					\$	-
880617	Wellhead					\$	700
880503	Legal Fees					\$	-
880511	Regulatory Compliance					\$	6,500
880501	Insurance					\$	3,220
880963	Contingency				%	\$	-
880965	Overhead					\$	2,100
TOTAL DRILLING COST (CASING POINT)						\$	238,977

Continued On Page 2

COMPLETION

881102	Cased Hole Electric Wireline	\$	24,200
881103	Casing Crews & Running Tools - Casing & Tubing	\$	6,000
881105	Cementing	\$	20,928
881108	Coiled Tubing Units	\$	-
881110	Consultants	\$	-
881117	Environment & Safety	\$	-
881120	Fluid Disposal	\$	5,600
881122	Formation Stimulation - Fracturing	\$	61,000
881123	Formation Stimulation - Other	\$	-
881128	Hot Oiling Services	\$	5,000
881139	Labor - Company Supervision	\$	-
881140	Labor - Company Employees	\$	3,100
881141	Labor - Contract Employees	\$	5,600
881144	Location Remediation & Maintenance	\$	8,000
881146	Miscellaneous Services	\$	22,700
881150	Rig Costs - Dayrate	\$	20,000
881155	Slickline Services	\$	-
881159	Testing - Well & Well Flowback	\$	-
881162	Transportation - Land	\$	7,000
881166	Welding	\$	15,500
881302	Blow Out Preventors	\$	2,100
881304	Completion Fluids	\$	4,500

881305	Compressors	\$	-
881312	Facilities - Processing	\$	-
881317	Gas Measurement	\$	2,485
881321	Heaters - Indirect Line	\$	-
881322	Insulation	\$	16,000
881328	Miscellaneous Surface Equipment	\$	16,600
881335	Pipeline / Flowline	\$	3,900
881336	Pumps	\$	-
881337	Safety Equipment	\$	-
881340	Separators	\$	-
881345	Tanks	\$	41,717
881346	Tools & Supplies	\$	26,000
881347	Treaters	\$	26,065
881601	Artificial Lift	\$	98,000
881602	Casing Accessories	\$	2,250
881603	Miscellaneous Subsurface Equipment	\$	-
881604	Packers & Liner Hangers	\$	-
881610	Pipe - Production Casing	6845 Feet @ 11.43 \$/ft	\$ 78,238
881611	Pipe - Casing Liners		\$ -
881613	Pipe - Tubing	6695 Feet @ 5.68 \$/ft	\$ 38,027
881614	Rods	6695 Feet @ 3.30 \$/ft	\$ 22,093
881616	Tubing Accessories		\$ 750
881617	Wellhead		\$ 1,650

881502	Land Owner Fees	\$	-
881503	Legal Fees	\$	-
881511	Regulatory Compliance	\$	-
881501	Insurance	\$	-
881963	Contingency	%	\$ -
881965	Overhead		\$ 3,000

TOTAL COMPLETION COST**\$ 588,003****TOTAL AFE****\$ 826,980**



Authorization for Expenditure

Operator NEWFIELD PRODUCTION COMPANY
Outside Operated AFE No.

AFE No: 20465	Revision/Supp. #
Report Center: 500258557	DOI Number 172835

Name: WELCH 16-19-4-1E	Unit: MYTON	AFE Type: Drilling	Estimated Start Date: 08/16/2010	Projected TD: 6850
Objective: Green River	Location: SESE SEC 19 T4S R1E UINTAH Co. UT	Project Description: Drill & Complete Green River Well		

Cost Description	Intangible	Tangible	Total
Completion	\$ 207,628	\$ 380,478	\$ 588,106
DHC	\$ 174,110	\$ 64,867	\$ 238,977
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
Totals - Gross Costs	\$ 381,738	\$ 445,345	\$ 827,083

Joint Interest Owners	Oracle ID	Site No.	Working Interest	Net Cost
NEWFIELD PRODUCTION COMPANY	201	1	73.055560%	\$ 604,230
HEIRS OF C. GERALDINE DANIELS	113646	2	8.333333%	\$ 68,924
MAKE A WISH FOUNDATION	113645	2	5.000000%	\$ 41,354
JOANN COPE	113652	2	2.777778%	\$ 22,975
AMERICAN RED CROSS	113648	2	2.500000%	\$ 20,677
GERALD SANDERS JR	113649	2	3.888889%	\$ 32,164
IRMA SANDERS	113650	2	1.111111%	\$ 9,190
GEORGE E. SANDERS	113651	2	0.555555%	\$ 4,595
SHERYL SIMPLICAN	113653	2	0.462963%	\$ 3,829
DENISE TYMA	113654	2	0.462963%	\$ 3,829
RICHARD WINTERS	113655	1	0.462963%	\$ 3,829
CRYSTAL VAN ARSDELL	113656	2	0.462963%	\$ 3,829
KATHY MILLS	113657	2	0.231481%	\$ 1,915
STEPHEN WEAVER	113658	2	0.231481%	\$ 1,915
ROBERT MORRIS	113659	2	0.115740%	\$ 957
SAMUEL MORRIS	113660	2	0.115740%	\$ 957
STEPHANIE PETERSON	113661	2	0.115740%	\$ 957
HEIRS OF KAREN MCMILLAN	113662	2	0.115740%	\$ 957
				\$ -
				\$ -
Totals			100.000000%	\$ 827,083

General Comments:

Project Coordinators	Title	Phone Number	Email Address
Stevens, Sean (SS)		303-3824447	ssstevens@newfield.com

Newfield Exploration Company	
Company Representative <i>Roxann Eveland</i>	Date <i>9/13/10</i>

Partner	
Approved (Signature)	Date

**NEWFIELD PRODUCTION COMPANY
AUTHORITY FOR EXPENDITURE
DRILLING & COMPLETION**

AFE NO: 20465
LEASE & WELL NO.: WELCH 16-19-4-1E
LOCATION: SESE SEC 19 T4S R1E UINTAH Co. UT
OPERATOR: Newfield Production Company
DESCRIPTION: Drill & Complete Green River Well

DATE: 08/16/2010
UNIT: MYTON
OBJECTIVE: Green River
PROPOSED TD: 6850

DRILLING						ESTIMATED COSTS	
880102	Cased Hole Electric Wireline					\$	-
880103	Casing Crews & Running Tools - Casing & Tubing					\$	-
880105	Cementing					\$	6,240
880110	Consultants					\$	3,000
880111	Core / Fluid Analysis					\$	-
880113	Directional Drilling Operations					\$	10,000
880117	Environment & Safety					\$	700
880120	Fluid/Cuttings Disposal					\$	-
880121	Formation Evaluation					\$	5,900
880125	Hanger - Liner					\$	-
880129	Inspection - Bottom Hole Assembly					\$	-
880130	Inspection - Casing					\$	-
880131	Inspection - Drill Pipe					\$	-
880143	Location Preparation					\$	24,400
880144	Location Remediation & Maintenance					\$	750
880146	Miscellaneous Services					\$	500
880147	Mud Logging Services					\$	-
880150	Rig Costs - Dayrate	5	Days	@	12700 \$/day	\$	63,500
880151	Rig Costs - Footage		Feet	@	##### \$/ft	\$	-
880152	Rig Costs - Turnkey					\$	11,000
880153	Rig Mob & Demob					\$	23,500
880156	Survey - Location					\$	10,500
880160	Testing - Well Control Equipment					\$	1,400
880162	Transportation - Land					\$	500
880166	Welding					\$	400
880301	Bits					\$	12,500
880302	Blow Out Preventors					\$	-
880310	Drill String					\$	11,200
880313	Fuel - Rigs / Platforms / LeaseA (Delivered)					\$	13,300
880328	Miscellaneous Surface Equipment					\$	1,000
880329	Mud - Drilling					\$	10,000
880330	Mud Monitoring & Processing					\$	-
880341	Stabilizer, Under Reamer, Hole Opener					\$	-
880345	Tanks					\$	-
880346	Tools & Supplies					\$	-
880350	Water					\$	8,000
880602	Casing Accessories					\$	2,000
880607	Pipe - Conductor Casing					\$	650
880608	Pipe - Surface Casing	300	Feet	@	18.39 \$/ft	\$	5,517
880609	Pipe - Intermediate Casing					\$	-
880611	Pipe - Casing Liners					\$	-
880617	Wellhead					\$	700
880503	Legal Fees					\$	-
880511	Regulatory Compliance					\$	6,500
880501	Insurance					\$	3,220
880963	Contingency				%	\$	-
880965	Overhead					\$	2,100
TOTAL DRILLING COST (CASING POINT)							\$ 238,977

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COMPLETION

881102	Cased Hole Electric Wireline	\$	24,200
881103	Casing Crews & Running Tools - Casing & Tubing	\$	6,000
881105	Cementing	\$	20,928
881108	Coiled Tubing Units	\$	-
881110	Consultants	\$	-
881117	Environment & Safety	\$	-
881120	Fluid Disposal	\$	5,600
881122	Formation Stimulation - Fracturing	\$	61,000
881123	Formation Stimulation - Other	\$	-
881128	Hot Oiling Services	\$	5,000
881139	Labor - Company Supervision	\$	-
881140	Labor - Company Employees	\$	3,100
881141	Labor - Contract Employees	\$	5,600
881144	Location Remediation & Maintenance	\$	8,000
881146	Miscellaneous Services	\$	22,700
881150	Rig Costs - Dayrate	\$	20,000
881155	Slickline Services	\$	-
881159	Testing - Well & Well Flowback	\$	-
881162	Transportation - Land	\$	7,000
881166	Welding	\$	15,500
881302	Blow Out Preventors	\$	2,100
881304	Completion Fluids	\$	4,500

881305	Compressors	\$	-
881312	Facilities - Processing	\$	-
881317	Gas Measurement	\$	2,485
881321	Heaters - Indirect Line	\$	-
881322	Insulation	\$	16,000
881328	Miscellaneous Surface Equipment	\$	16,600
881335	Pipeline / Flowline	\$	3,900
881336	Pumps	\$	-
881337	Safety Equipment	\$	-
881340	Separators	\$	-
881345	Tanks	\$	41,717
881346	Tools & Supplies	\$	26,000
881347	Treaters	\$	26,065
881601	Artificial Lift	\$	98,000
881602	Casing Accessories	\$	2,250
881603	Miscellaneous Subsurface Equipment	\$	-
881604	Packers & Liner Hangers	\$	-
881610	Pipe - Production Casing	6850 Feet @ 11.43 \$/ft	\$ 78,295
881611	Pipe - Casing Liners		\$ -
881613	Pipe - Tubing	6700 Feet @ 5.68 \$/ft	\$ 38,056
881614	Rods	6700 Feet @ 3.30 \$/ft	\$ 22,110
881616	Tubing Accessories		\$ 750
881617	Wellhead		\$ 1,650

881502	Land Owner Fees	\$	-
881503	Legal Fees	\$	-
881511	Regulatory Compliance	\$	-
881501	Insurance	\$	-
881963	Contingency	%	\$ -
881965	Overhead		\$ 3,000

TOTAL COMPLETION COST**\$ 588,106****TOTAL AFE****\$ 827,083**

WEIGHTED AVERAGE ROYALTY

Weighted Average Royalty = 15.74%

Based on the following leases taken as of September 17, 2010:

Rio Grande Children's Home
First Christian Church of Edinburg
David Welch
Heritage Foundation of Hidalgo County
Estate of Helen Snider
Museum of South Texas History
Texas Numismatic Association
Ben Love
Kathryn Stocker
Terry Stocker
Richard Love
Ester Dickinson
Shirley Sanders
Donna Dyke
J Robert Stratton
Martha Alt
Ruth Elder
Samuel Stratton
Wayne Stratton
Mary Lou Sanders